



## EUROPEAN NEWS

## IG Metall chief renews campaign for shorter week

BY PETER BRUCE IN HAMBURG

LAUNCHING a renewed campaign for a 35-hour working week in West Germany, Mr Franz Steinkuehler, the new head of the giant metalworkers' union IG Metall, refused yesterday to rule out strike action and warned of a "horrible end" if hardliners among employers were allowed to get their way openly to challenge the unions.

Earlier, in his first major declaration to IG Metall, and its 2.6m members at the union's convention in Hamburg, he sharply attacked the government of Chancellor Helmut Kohl and "neo-conservative" employers for "trying to weaken" the unions.

Employers were mounting a "struggle against the interests of workers," he said, claiming later that the country's employers were in fact divided over how to react to union demands for a shorter working week as the only way to cut unemployment.

## Spain likely to announce food tariff cuts today

BY TOM BURNS IN MADRID

THE Spanish Government is expected today to announce a series of tariff cuts for food and animal feed imports in an effort to bring down an inflation rate that is coming dangerously close to upsetting Spain's mid-term growth forecasts.

The move comes in the wake of a keynote speech by Mr Carlos Solchaga, Economy, Trade and Finance Minister, that firmly committed the Socialist Government to deregulation and economic liberalisation.

The Government's target of an 8 per cent inflation rate for 1986 has been rocked by a 1.1 per cent rise in the consumer price index last month which brought the September to September inflation rate to 9.5 per cent.

Mr Solchaga roundly blamed food price increases for the inflation trend. Food prices were rising at an annual rate of 13.4 per cent against an in-

crease of 7.5 per cent, which was inside the Government's target in non-food sector prices.

The economy minister, who was speaking at a Madrid business forum, rejected controls on food prices. He indicated that the Cabinet would liberalise a series of agricultural imports when it met today in an effort to depress costs.

Should the index continue its upward climb the Government is likely to bring down fuel prices. The control of inflation is a major Government priority.

Mr Solchaga vehemently defended the "unorthodox Socialism" that has characterised the economic policies of Mr Felipe Gonzalez's government since 1982.

There is a running debate within the Socialist Party in which the left wing and the trade union movement criticise policy-makers for being too favourable to business.

## A legal and political struggle has broken out in West Germany, David Marsh writes Greens launch attack over nuclear plant

AN EXTRAORDINARY legal and political struggle has broken out over the future of one of West Germany's key nuclear installations, the Alkem fuel element factory in Hanau near Frankfurt, controlled by the giant Siemens electrical group.

In a move which illustrates the tortuous complexities of running nuclear installations in Germany, charges are being laid by the public prosecutor against two senior Alkem executives on the grounds of non-compliance with atomic regulatory procedures. The action is aimed at closing down a plant which has long been a symbolic target of anti-nuclear campaigners.

The move, just three months before the general election in January which looks likely to be dominated by the nuclear debate, also risks opening up a potentially damaging split in the German Opposition between "gradualist" and "maximalist" opponents of nuclear energy.

Alkem produces so-called "mixed oxide" fuel rods, made of uranium and plutonium, both for German light water reactor power stations and for the almost-completed fast breeder reactor at Kalkar on the Rhine near the Dutch border.

He is a highly eloquent spokesman for the campaign to "switch off" nuclear power in Germany, which has accelerated since the Chernobyl reactor accident in the Soviet Union in April.

Speaking in his office in the Hesse state capital of Wiesbaden last week, Mr Fischer said another similar mishap was only a question of time. "We in the Federal Republic risk the kind of destruction of a medium-sized war."

His message was, he said, "don't provoke it: give it up."

He added that far more jobs could be created in energy-saving industries and exploring new energy resources than would be lost in the nuclear industry, which anyway had no future in the West.

But the imbroglio over Alkem may have more immediate repercussions on Mr Fischer's own future, and, more gene-



Mr Joschka Fischer, Green Environment Minister for Hesse

ally, on the Greens' strained relations with the SPD both in Hesse and nationwide.

Mr Fischer's stance is more radical than that of most SPD politicians, but is moderated by Green standards. In the trial of strength over Alkem, Mr Fischer's hand appears to have been forced by impatient Green supporters in Hesse who have been calling for years for a "drying out" of the so-called "nuclear swamp" at Hanau formed by Alkem and its associate nuclear fuel companies Nukatom and Reaktor Brennelemente Union (REBU).

Mr Holger Boehmer, the SPD Prime Minister of Hesse, made clear on Monday what he thought of the Green initiative. In a letter to Mr Fischer, he said the legal arguments advanced by the Greens—which form the basis of the moves by the public prosecutor—were not sufficient to close the plant.

Mr Boehmer also strongly denied the allegations that the state government and the SPD-run Economics Ministry could be involved in any irregularities in the running of Alkem.

The 700-page legal document on which the case rests, argues that Alkem's management has infringed parts of West Germany's Atomic Law in the running of the plant.

This relates to past changes in internal procedures in the handling of plutonium and

other materials which Alkem allegedly did not comply with the strict authorisation technicalities.

The action against the plant, which employs about 500 people, underlines the primacy of the law over the will of central government in the running of German nuclear facilities. Recourse to lawsuits over the past decade by nuclear objectors has blocked nuclear plans on countless occasions.

Earlier this month, a local court succeeded in shutting down the newly-built 1900 MW nuclear power station at Muelheim-Kaerlich on the Rhine, south of Bonn, on the grounds that approval procedures for its cooling tower had not been followed.

The operator of the plant, Germany's biggest utility, Rheinisch-Westfaelisches Elektrizitaetswerk, says the nuclear is costing more than DM 1m (£82,000) a day.

Mr Rudi Gell, the conservative Christian Democrat Economics Minister in the local Rhineland-Palatinate states has warned that permanent closure would cost jobs for 1,000 people (indirectly its customers) with a bill for the tidy sum of DM 14bn.

If that were to happen, the victory of the legally-minded atomic protesters over the pro-nuclear lobby would be complete.

## Centralising measures start row in Poland

By Christopher Sobinski in Warsaw

CENTRALISING measures sent by the Polish Government for approval to parliament have provoked a flurry of dissent among deputies and are likely to draw the fire of workers' co-management council delegates meeting in Warsaw next week.

The measures aim to change laws passed at the beginning of the decade which underpinned de-centralising market-oriented reforms and sought to establish the principle of company independence and workers' self-management free of bureaucratic meddling.

The measures which had their first reading in parliament yesterday include giving the government power to impose a national wage freeze and workers' self-management free of bureaucratic meddling.

Speaking at the start of the debate, Mr Jerry Gruchalski, from the small Democratic Party, protested at the short notice given to deputies of the draft while other deputies meeting before the sitting spoke out against its centralising intent.

Planning powers delegated to local government councils under the original reforms are to be cut by giving the central planning commission power to change local plans.

The government is also seeking powers to impose mergers on enterprises in the face of resistance by their workers' management councils.

## New pink paper joins financial journals in Italy

BY JOHN WYLES IN ROME

THE FAST-EXPANDING world of Italian business journalism greets a new, pink-papered entrant today with the first appearance of a weekly supplement published by La Repubblica.

The 32-page publication is the brainchild of Mr Eugenio Scalfari, a grey-bearded patriarch of enormous political influence who in 10 years has created out of nothing one of Western Europe's two most successful new newspapers—the other being Spain's El Pais.

Mr Scalfari has brought La Repubblica to within 30,000 copies a day of knocking the old and distinguished Milan daily Corriere Della Sera off its perch as Italy's top selling newspaper.

He reckons that the new supplement will add around

1.5bn (£154m) to annual costs but he hopes that it will further close the gap with Corriere by adding another 70,000 copies at least to La Repubblica's Friday sale of around 450,000 copies.

But there is also a commercial objective. "Corriere has had a monopoly of executive jobs advertising in its Friday to Sunday editions and we want to break that," he explains.

La Repubblica is not alone in wanting to ride the crest of a boom in financial and business advertising in Italy.

His new supplement will be appearing in the same week that Italy's only business newspaper, Il Sole-24 Ore, has gone over to seven days a week publishing by introducing a Monday edition and in the same month that the weekly L'Espresso magazine (part of the same

group as La Repubblica) has launched a 24-page business insert—on pink paper.

The field becomes even more crowded next month with the first appearance on November 18 of Italia Oggi, a business newspaper which, unlike its Italian competition, will be independent of ownership by any large industrial or financial group.

All of these ventures have been encouraged by an extraordinary advertising boom over the past couple of years.

According to figures compiled by Utenti Pubblicita' Associati, business advertising in daily newspapers reached nearly 5,000m last year and is rising at an annual rate of close to 20 per cent on the back of a two-year boom on the Milan stock market.

Mr Gianni Locatelli, editor of Il Sole, thinks that this is creating a new capitalist culture in Italy and with it a growing demand for business information.

But other factors have also been at work, including the so-called Visentini tax on small businesses. "There is now a huge demand for advice and guidance on business topics which was not there before," says Mr Locatelli, whose newspaper's new Monday edition is accordingly presented more as a purveyor of in-depth advice for businessmen, pensioners and investors than a vehicle for news.

The arrival of the La Repubblica supplement alongside Il Sole and the Financial Times will broaden the swathe of pink newspaper on Italian newstands. But the choice of colour was unavoidable, affirms Mr Scalfari. "In Italy, it is now the traditional colour for business publishing."

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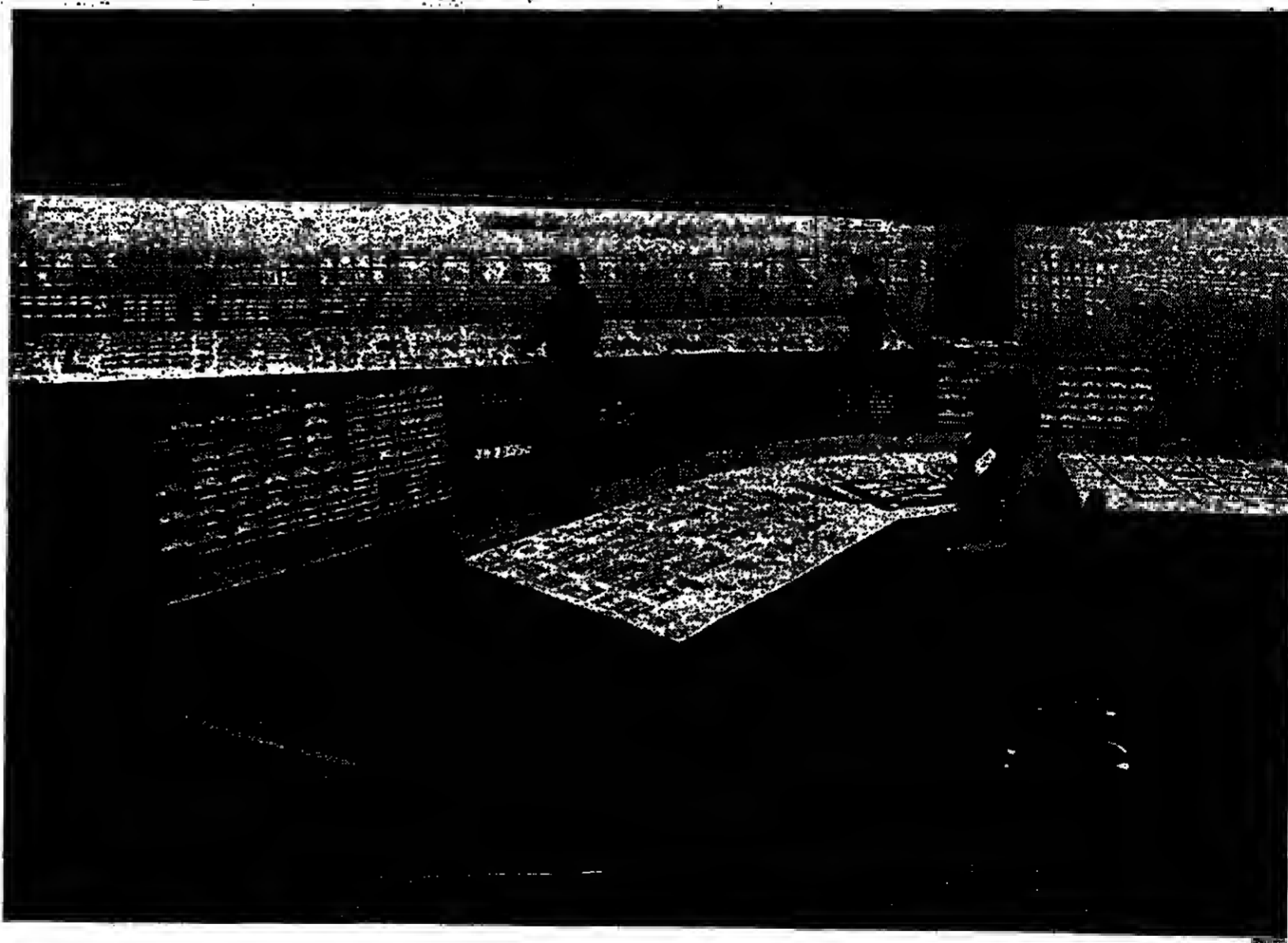
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EUROPEAN NEWS

Poehl defends Bonn efforts to boost growth

By DAVID MARSH IN BONN

WEST GERMAN efforts to boost domestic growth and suck in more imports were yesterday defended as close to the maximum possible, by Mr Karl Otto Poehl, president of the West German central bank, the Bundesbank.

Pointing to the improbability of any cuts in German interest rates in the near future, Mr Poehl also underlined that the Bundesbank this year would overshoot for the first time since 1978 its target rate for growth of the money stock, the central measure of German money supply.

Mr Poehl's comments were made after a regular meeting of the Bundesbank's policy-making council in Berlin.

They reinforce the impression already given by Mr Gerhard Stoltenberg, the Finance Minister, that German unwillingness to head American demands to relax economic policy has stiffened further since the International Monetary Fund meeting in Washington at the beginning of the month.

Compared with the view often conveyed that the Bundesbank's monetary policy was too restrictive, Mr Poehl said that it in fact appeared "rather to be too expansionary."

The money stock this year is likely to rise by about 7.5-8 per cent, well above the target band of 3.5-5.5 per cent.

The Bundesbank, in the past few days, has already come under pressure from monetary conservatives in Germany to rein back money stock growth next year, to prevent potentially inflationary liquidity from building up in the economy.

The Reagan Administration has been trying to influence Germany to stimulate its economy to help reduce the huge US trade and current accounts surpluses.

Asked about reports that the US was now slackening its pressure on the West Germans, Mr Poehl said he had no confirmation of this, but he would be pleased if it were true.

The Bundesbank believed that this year's upturn, with German growth likely to average about 3 per cent, would continue next year. Investment was likely to rise not only in plant and equipment but also



Mr Karl Otto Poehl

in the previously hard-hit construction industry.

Mr Poehl said a West German acceptance of "massive" revaluation of the D-Mark against the dollar and other currencies, as well as "very strong" expansion of domestic demand of 4 to 5 per cent in real terms this year, amounted to a "significant effort towards achieving international economic balance."

He pointed out, however, that German import growth was partly coming from the wrong countries, as Japanese exporters, rather than US companies, were doing particularly well on the buoyant German market.

For next year, Mr Poehl said he believed domestic-led growth would continue, with internal demand rising about 4 per cent and inflation running at about 2 per cent against a likely fall in consumer prices this year.

The regular autumn report this week of West Germany's top five economic forecasting institutes predicted that, in spite of high import growth, Germany's current account surplus next year would decline only marginally to DM 60bn (€21.4bn) from DM 70bn in 1988.

Dr Helmut Schlesinger, the Bundesbank vice-president, said he was not as optimistic as the institutes over the opportunity for German export growth next year.

He believed the current account surplus would fall more quickly than in the institutes' projections, but he declined to say by how much.

Panel warns on phase-out of N-power in Sweden

By Sara Webb, Stockholm Correspondent

A PANEL of Swedish nuclear and environmental experts in a report published yesterday has warned that the immediate phasing out of nuclear power in Sweden would entail huge costs and economic problems for the country.

The panel, which was set up to examine the issue of nuclear power and safety standards in Sweden in the wake of the Chernobyl disaster, said that there were no grounds for concern over safety standards at the 12 nuclear reactors in Sweden.

For the Swedes, the nuclear issue is particularly sensitive. Sweden was the first country to detect signs of radioactivity after the Chernobyl accident.

The high radioactive fall-out on Swedish soil meant that many many agricultural products have had to be destroyed over the past months.

The disaster also served to fuel the anti-nuclear lobby. Following a referendum held in 1980 the Government is already committed to phasing out nuclear power—which accounts for half of the electricity produced in Sweden—by the year 2010.

However, there has been increased pressure to start the phasing-out process earlier, despite warnings from representatives in industry that such a move would precipitate steep increases in electricity prices.

Mr Carl-Erik Nyqvist, general director of the state power board, said that electricity price could be expected to rise by 50-100 per cent with the phasing out of nuclear power and that the closure of the country's nuclear reactors would cost about SKr 100bn (€10bn).

The Swedes are constantly berated by their Danish neighbours over the nuclear power station at Barsebaeck, Southern Sweden, which is in the most densely-populated part of Scandinavia, near the cities of Mainz, Gothenburg, and Copenhagen.

However, the panel's report concludes that the two reactors at Barsebaeck—which produce about 40 per cent of the electricity in Southern Sweden—could not be closed for at least four or five years if serious disruptions in electricity consumption in Southern Sweden are to be avoided.

GERMAN CHANCELLOR SEES NEW CHALLENGES TO EUROPEAN SECURITY

Kohl cautious on arms talks

By LIONEL BARBER IN WASHINGTON

CHANCELLOR Helmut Kohl of West Germany sounding a cautious note on the process of arms talks between the US and Soviet Union, said that they posed new challenges to the security of European allies.

Speaking in Chicago during a three-day tour of the US, the Chancellor warned that proposals for deep cuts even elimination of nuclear missiles had to be matched by reductions in conventional weapons.

Chancellor Kohl is the first West German alliance leader to be fully briefed by President Reagan and his advisers about the recent superpower meeting at Reykjavik where

sharp cuts in ballistic missiles were tentatively agreed by the US and Soviet leaders.

The chancellor said: "New strategic systems and progress in disarmament must not lead to less security, but to more security for us Europeans, too."

He added that the vision of a non-nuclear world—reflected by President Reagan's Strategic Defence Initiative (SDI), the space-based missile defence system and by Mr Gorbachev's proposed cuts in offensive weapons—would fundamentally alter Nato strategy to the detriment of the Europeans, unless conventional weapons were also reduced.

He suggested that the European allies, while consulting with the US, had to safeguard their own security interests and keep them in harmony with what was being discussed between the superpowers.

Chancellor Kohl said that the time was ripe for "fundamental decisions" by the East and West and described the Reykjavik meeting as "an important milestone in East-West dialogue."

He stressed that the arms control proposals from both sides still remained on the table, and urged them to be put into practice. The chancellor appeared to be

voicing fears which have been raised privately and publicly by the allies about the nature of the superpower discussions at Reykjavik.

These contained tentative agreements to eliminate nuclear weapons in Europe and to cut strategic nuclear offensive weapons by 50 per cent in five years.

He also warned that arm control was not an end in itself, nor was it a panacea for East-West tensions.

It was still unclear if the Soviet Union was seeking to buy time or whether it was embarking on a new policy of greater restraint in international relations and a fair dialogue with the West, he said.

FitzGerald coalition wins second crisis vote

By HUGH CARNegie IN DUBLIN

IRELAND'S Fine Gael-Labour coalition Government last night won a closely fought parliamentary vote of confidence, lifting — for the time being at least — the threat of an early general election.

The opposition Fianna Fail Party's hopes of unseating the coalition, whose five-year term does not expire for another 12 months, collapsed when two dissenting government backbenchers who had threatened to vote against the administration fell into line.

Their votes provided the margin of victory for Dr Garret FitzGerald, the Prime Minister, who won by 83 votes to 81.

The confidence motion came at the end of a period of intense pressure on the coalition. A series of economic setbacks and slumping performances in the opinion polls combined with demands by a number of Fine Gael and Labour backbenchers to put a cutting edge on Fianna Fail's offensive.

On Wednesday, the coalition defeated by just one vote a Fianna Fail attempt to call a by-election which could have tipped the parliamentary balance.

Now the Government can concentrate on formulating next January's budget.

Allied Irish banks, one of the two big Irish clearing banks, yesterday pushed up overdraft rates to prima customers by 2 percentage points to 14 per cent.

Mr RUDD LUBBERS, the Dutch Prime Minister, sought yesterday to calm the political tempest swirling around the resignation of Mr Gerrit Broek, the Under-Secretary for Housing, who has stepped down amid a housing scandal.

In an effort to limit the damage in his Christian Democrat-Liberal Government, the Prime Minister trod a fine line between defending Mr Broek and accepting the will of the Christian Democrats.

Mr Broek resigned late on Wednesday night under heightened pressure from his own Christian Democrats, who contended that he had been tainted by the housing scandal.

The scandal involves allegedly fraudulent subsidies for housing construction amounting to Fls 200m over three decades, much of which has gone to the ABP Civil Servants Pension Fund.

Last week, the parliament decided to launch an official inquiry with subpoena powers into the subsidy scandal. It is only the third time this century that MPs have deemed a controversy grave enough to merit such an inquiry.

No replacement has yet been appointed for Mr Broek, who served as Under-Secretary for Housing for nearly eight years. He has contended that there was no evidence of fraud in the huge subsidy programme.

Lubbers seeks to calm housing scandal storm

By LAURA RAUN IN AMSTERDAM

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This, he suggested, could be agreed quickly and then fresh discussions could start in a broader forum. "But first we must have some agreement here. Then we can move on to a European scale."

Mr Babaevsky said that the Warsaw Pact was waiting for the results of Nato's review of developments for conventional arms control agreed at a meeting last May.

The review is due to be completed by mid-December, after the end of the current round of talks in Vienna, making progress here unlikely before the next round of talks in the New Year.

Vatican in cash appeal

The Vatican yesterday said the Holy See's budget deficit ballooned by \$11m (\$7.6m) last year and called on Roman Catholics around the world to come to its aid with greater generosity, Renter reports.

The Holy See's income for 1988 was \$44.6m and its expenses were \$53.7m, resulting in a deficit of about \$9.1m. The deficit was 1984 was about \$28m.

The Vatican said the Holy See's projected budget deficit for this year was \$6m.

Boost for Spain-Portugal links

By DIANA SMITH IN LISBON

GINGERLY EFFORTS by Portugal and Spain to adjust to their new partnership in the EEC after centuries of mutual misunderstanding receive a boost this weekend with the summit meeting in northern Portugal of premiers Felipe Gonzalez and Anibal Cavaco Silva.

This weekend's summit is the third attempt since 1982 by Mr Gonzalez and a series of Portuguese heads of state to solve practical problems in the areas

of trade, fishing, communications and immigration.

It is also an attempt to expand the relationship into a broader-based more solid domain, where the two neighbours, instead of standing back-to-back as they have for generations, can start to co-operate more energetically on the EEC and Nato.

But mundane problems that keep Portuguese and Spanish businessmen wary of each other

constantly interfere with loftier aims.

Spain's aggressive export drive has been felt particularly strongly in Portugal.

Portuguese manufacturers are now picking up steam and exports to Spain leapt from Es 18.9bn (€96m) in the first half of 1985 to Es 30.2bn in the same period this year.

But Spanish exports to Portugal grew even more

East bloc 'ready to break troop cut impasse'

By Patrick Blum In Vienna

A SENIOR Soviet spokesman at the Vienna talks on reducing conventional forces in Central Europe—the Mutual and Balanced Force Reductions (MBFR) talks — yesterday emphasised the Warsaw Pact's readiness to sign an early minimum agreement covering only symbolic troop cuts, so as to open the way for broader discussions on substantial force reductions across the whole of Europe.

Speaking after yesterday's plenary session, Mr Stanislav Babaevsky described the situation at the 13-year-old MBFR talks as "unsatisfactory," adding: "The position of the parties (Nato and the Warsaw Pact) here is too far apart."

He criticised Western proposals on how to verify compliance with an agreement and Nato's stance at the talks as one designed to give "the false impression of being constructive."

In contrast, the successful outcome at the Stockholm conference showed what could be achieved if the political will was there, he said.

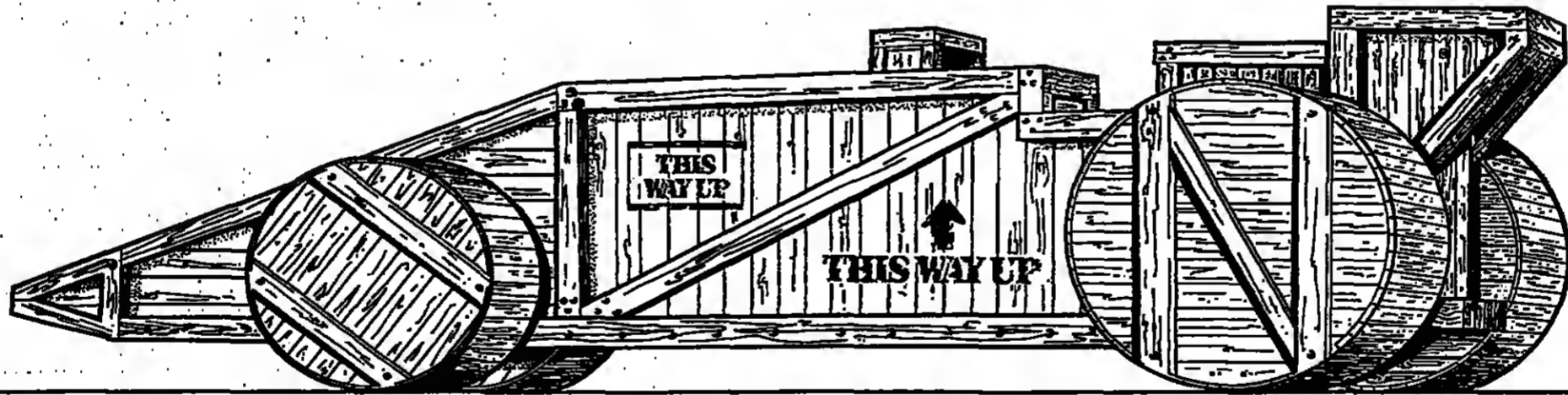
To break out of the deadlock, he suggested a "small (scale) agreement" along the lines of proposals already made by the Warsaw Pact and by Nato, and which include the preliminary withdrawal of 6,500 US and 11,500 Soviet troops from the Central European theatre, to be followed by a two- or three-year freeze on the level of forces.

This, he suggested, could be agreed quickly and then fresh discussions could start in a broader forum. "But first we must have some agreement here. Then we can move on to a European scale."

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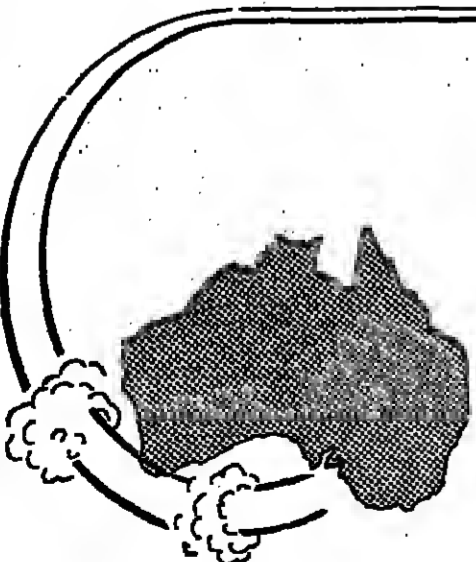
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UTA CARGO



AMERICAN NEWS

Opposition hopes grow as oil price fall hits Trinidad

BY CANUTE JAMES, RECENTLY IN PORT OF SPAIN

TRADE UNIONS protests in Trinidad and Tobago over the social and economic situation are likely to increase the discomfort of the People's National Movement Government...

one for this country," says Mr Patrick Manning, Minister of Natural Resources and Energy. Income from the oil industry for the first seven months of this year was \$277.7m against an expected \$694.4m...



A.N.R. Robinson ... crisis worsens.

For either party, another devaluation will be politically unpopular, point which the unions intend to make. If Mr Chambers decides it is necessary, he is unlikely to say so before the election.

Recognition at last for America's crime kings

By David Blackwell in New York

THE CITIZENS of the US have an obsession with lists. The top one is undoubtedly the annual Forbes publication of the 400 richest Americans.

New Fortune, a rival business publication whose ranking of the top 500 US corporations is closely watched, has come up with a new list - the 50 biggest Mafia bosses.

Naturally it is headed by a New York City man - Mr Anthony Salerno, 75, nicknamed Fat Tony, who is currently on trial. According to Fortune he heads an underworld conglomerate with enterprises on both sides of what far him, at least, is an indistinct line separating illegal from legitimate business.

Surge in orders for durable goods in the US

BY NANCY DUNNE IN WASHINGTON

THE US COMMERCE Department yesterday reported a surge in September in orders for heavy manufactured products, led by demand for transport equipment.

Orders for durable goods - the most expensive manufactured products with an average life of three years or longer - was up an estimated \$5.1bn, or 4.9 per cent, to \$109bn. It was the largest rise since November 1984.

The improvement was even more impressive after the volatile defence capital goods sector was excluded. Non-defence orders jumped by 5.4 per cent, after gaining 0.1 per cent since June 1983.

surge in orders for non-defence aircraft and parts, accounted for much of the gain, according to the census bureau.

The US Labour Department yesterday announced a moderate 0.3 per cent increase in seasonally adjusted consumer prices, pushed up by rising costs in the energy sector.

Income figures for August and September were affected by two factors: a large increase in subsidy payments to farmers in August and a jump in retroactive social security payments in July.

Reagan on campaign trail for Congress elections

PRESIDENT REAGAN yesterday opened a final campaign push to rally Americans behind his Republican Party in congressional elections, defending his commitment to the Star Wars anti-missile programme and calling Soviet promises unreliable.

The 75-year-old President launched a 13-state drive to keep the Senate in Republican hands in the November 4 congressional elections.

Arms deal 'must include conventional weapons'

MR CASPAR WEINBERGER, US Defence Secretary, said yesterday that agreements on action to balance conventional forces and short-range missiles in Europe would have to accompany any deep US-Soviet nuclear arms cuts.

EEC may act against US levy

BY TIM DICKSON IN BRUSSELS

THE EUROPEAN Commission was yesterday considering whether to take action under the General Agreement on Tariffs and Trade (GATT) against a new US imports tax.

The new levy, signed on Wednesday by President Ronald Reagan as part of the current finance bill, has been presented as a new fee to cover the costs of customs operations.

Under Articles 2 and 7 of the GATT, such a charge is legitimate provided that it is genuinely designed to pay administrative expenses. Officials in Brussels had not had time by last night to examine the details of the US measure, but they did not hide their concern that the move might be protectionist.

The EEC is naturally anxious about the levy because of the huge volume of Community exports to the US - \$68.2bn last year.

Semi-independence for islands

THE MARSHALL Islands, which has a top-secret US missile base, was yesterday given semi-independence after 39 years of American rule.

A "compact of free association" will allow the US to keep its missile range at Kwajalein for at least 30 years with an option for a further extension, said Mr Hench Balos, Minister without Portfolio.

Under the compact, the US will retain control over the Marshall Islands' military and defence activities.

The Marshall Islands are the first of three US-ruled island groups in the Micronesian archipelago to approve such a "compact", which has been denounced by the Soviet Union as an attempt to perpetuate America's military hold over the area.

Recognition at last for America's crime kings

Second is Mr Anthony Accardo, 50, nicknamed Joe Batters, from Palm Springs, who is head of the Chicago family, with income from gambling, unions and loan sharking. He is followed by Mr Anthony Corallo of Long Island, nicknamed Tony Ducks, 73, head of the Lucchese family, with income from refuse collection and extortion.

Fortune does not list the wealth of these powerful men, but it reckons that in spite of its elusiveness, organised crime - which it estimates will turn over \$30m this year, or about 1.1 per cent of the US GNP - is in crisis.

More than half the top 50 bosses are aged 65 or over and the next generation of managers seems to lack spirit, dedication and discipline.

Today you get guys in here who never broke an egg," a New Jersey Mafia leader complained in a conversation begged by the FBI, which says Mafia membership is shrinking.

So the bosses have looked back to Sicily for the tough young trainees they need. There's a nickname for them as well - greenies.

Landslide win for Socreds in British Columbia

BY BERNARD SIMON IN TORONTO

BRITISH COLUMBIA'S ruling Social Credit Party has achieved a remarkable comeback, winning a large majority in provincial elections after trailing in opinion polls for most of the past three years.

The Socreds, which have a reputation as Canada's most right-wing political party, won 49 of 69 seats in the provincial legislature. The mildly socialist New Democratic Party, which appeared to have the upper hand until just a few months ago, won the rest.

The Socreds' resurgence is largely a result of the unexpected re-election last August of Mr William Bennett, the hard-line premier whose fiscal austerity programme in 1983-84 resulted in widespread public service cuts and provoked un-

precedented labour unrest. Unemployment reached 15 per cent in 1984.

Mr Bennett was succeeded by Mr William Vander Zalm, a Dutch-born millionaire horticulturist whose good looks, outgoing personality and attractive wife have lent themselves perfectly to television and grassroots campaigning. In addition, the Socreds have benefited from the huge success of the Expo '86 world fair which closed in Vancouver last week after attracting 22.1m visitors, 50 per cent more than expected.

Mr Vander Zalm said during the campaign that economic constraints prevented him making any lavish promises. But he is expected to follow less rigid policies than the Bennett Government.

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Notice is hereby given that the Rate of Interest for the three month Interest Period commencing on October 22, 1986 has been fixed at 11 1/4% p.a. and that the interest payable on the relevant Interest Payment Date, January 22, 1987, in respect of Coupon No. 4 will be £144.14.
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October 1986

NOTICE OF SUPPLEMENTAL IDENTURE
AMERCO International Finance, N.V.
7 1/2 PER CENT CONVERTIBLE BONDS DUE 1989
In accordance with Section 11 of the indenture relating to the above-mentioned convertible bonds, the Board of Directors of AMERCO International Finance, N.V. has determined that the interest rate on the bonds shall be 7 1/2 per cent per annum from and including the date of the next interest payment date, January 22, 1987, in respect of Coupon No. 4.

BALL FINANCE COMPANY N.V.
US\$70,000,000
FLOATING RATE NOTES
1982/1989
The rate of interest applicable to the interest period from 24 October, 1986 up to 24 April, 1987 as determined by the reference agent is 6 1/2 per cent per annum namely US\$157.99 per note of US\$5,000.
ADVERTISING OF FIRST MEETING OF CREDITORS
NOTICE IS HEREBY GIVEN, pursuant to section 586 of the Companies Act 1985 that a Meeting of the Creditors of the above-named company will be held at 11.00 am on Wednesday, 29 October, 1986 at 15, Abchurch Lane, London, E.C. 4N 3DF. The 4th day of November 1986 at 12 noon. By the persons mentioned in sections 589 and 590 of the said Act. Signed this 13th day of October 1986. By Order of the Board. Director.

Company Notices
NOTICE TO HOLDERS OF European Mortgage Stock
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NOTICE IS HEREBY GIVEN that the 10% Floating Rate Stock 1986-89 of the above-named company will be redeemed on 15th November, 1989 both dates inclusive. By Order of the Board. R. TAYLOR, Secretary
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In accordance with the terms of the First Supplemental Indenture to the above-mentioned mortgage stock, the Board of Directors of the above-named company has determined that the interest rate on the mortgage stock shall be 10% per annum from and including the date of the next interest payment date, January 22, 1987, in respect of Coupon No. 4.

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OVERSEAS NEWS

Japan calls for Soviet N-arms cut in Asia

By Ian Rodger in Tokyo
MR TADASHI KUWANARI, Japan's Foreign Minister, has asked the Soviet Union to withdraw all its intermediate range nuclear forces deployed in the Asian region.

Steven Butler in Manila describes the concern in the army over the communists' political success
Enrile wins battle to contain Philippine drift to left

MR JUAN PONCE ENRILE, the Philippine Defence Minister, this week won an important skirmish in his fight to obtain more influence over the "revolutionary government" of the Philippines, which he helped install through a military coup in February.



Mr Enrile... suspect motives

whom Mrs Aquino released from jail, is headed by Mr Rolando Olalia, who also heads the leftist labour movement, the Kilusang Mayo Uno (KMU). Its 650,000 members will be an important factor in electoral campaigning.

the insurgents, enough to make a dent in their power and to push them further back into the hills so that non-Communist groups will have a chance to compete for power.

Australia's inflation rises to 8.9%

By Chris Sherwell in Sydney
AUSTRALIA'S inflation rate, already high in comparison with its major trading partners, has edged upwards again in the most recent quarter, and promises to get worse.

Pretoria denounces report on economy

BY JIM JONES IN JOHANNESBURG
THE SOUTH AFRICAN Government has denounced as "dangerously naive" a three-month-old pessimistic report on the country's economy prepared by the Foreign Commercial Service, a branch of the US Commerce Department, in Johannesburg.

Bokassa returns to Central African Republic

BY DAVID HOUSEGO IN PARIS
THE ex-emperor Bokassa, the flamboyant former president of the Central African Republic, yesterday managed to fool the French authorities by slipping away from his guarded home in France and returning to his country.

Paris is under police surveillance. His flight back to Bangui was nonetheless embarrassing to the French because of their strong support for the current regime of General Andre Kolingba.

condemned to death after being ousted from power in 1979. In his latest odyssey, he escaped by car over the French border to Belgium where he boarded a plane for Rome and from there for Bangui.

Tokyo to seek commercial use of SDI research

By Ian Rodger in Tokyo
JAPAN is to open its negotiations with the US over participation in the Strategic Defence Initiative next week seeking the maximum freedom to use SDI technologies for commercial purposes.

Campaign against locusts a success, says FAO

BY JOHN WYLES IN ROME
A \$35m internationally-financed campaign to save African food production from plagues of locusts and grasshoppers has been a substantial success, officials of the UN's Food and Agriculture Organisation said yesterday.

FOCUS ON COMMERCE AND INDUSTRY IN SOUTHERN AFRICA

South African economy poised for recovery

Dr Gerhard de Kock, Governor of the South African Reserve Bank, talks to John Spira, Finance Editor of the Johannesburg Sunday Star.



Dr. Gerhard de Kock, Governor

Spira: One of South Africa's most pressing economic problems is its high rate of inflation. How does this problem rank on the list of priorities among economic policy objectives?
De Kock: No. And it is now generally accepted that over-borrowing by the South African economy was not the cause of the debt standstill. South Africa's foreign debt is small by comparison with other countries with similar characteristics.

expansion in the economy.
Spira: Yet in spite of these circumstances the economy has not expanded rapidly this year. Why not?
De Kock: The potential which exists for higher economic growth is not yet being fully realised, partly because of a lack of confidence among both consumers and businessmen. This, in turn, originates largely from the complex social and political circumstances prevailing at the present time.

David Dodwell looks at the future of the 'most loyal' A foreboding Gurkha farewell

PRINCE PHILIP yesterday bade farewell to one of his most loyal Gurkha regiments due to be disbanded in January, as a question mark hung over the fate of a body of men that has served in the British Army since 1815.

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WORLD TRADE NEWS

Vancouver-based Chinese language cable TV nets a tidy profit

BY DAVID DODWELL IN HONG KONG

**BRIAN SUNG**, Vancouver-based accountant and one-time film director, has no illusions about the service his Chinese language cable TV station is providing. "We are literally giving our viewers Hong Kong's TVB four days after Hong Kong."

Cathay TV is based in tiny studios in Vancouver's genteel western suburbs. This year he expects to buy 1,000 hours of Cantonese-language television programmes from TVB, Hong Kong's leading television group.

With over 10,000 households now subscribing to Cathay TV, Mr Sung claims

to be making a modest profit, meeting a need among Vancouver's 100,000 ethnic Chinese, and making a substantial contribution to the profits of TVB in Hong Kong. The export of TV programming is expected to earn TVB more than HK\$60m (£5.5m) this year—twice the earnings of 1985. This slip has led forecasters to predict 1986 profits for the group, which is controlled by Sir Run Run Shaw, of more than HK\$300m—perhaps 25 per cent up on 1985. Programme licensing accounted for 14 per cent of TVB's profit last year, and will account for an

even greater share this year. Major television groups in many parts of the world generate substantial earnings from overseas sales of their programmes—British's BBC is a prominent example, and even comparatively small groups like TVB can establish a lucrative niche for themselves.

TVB is well-placed to serve overseas Chinese communities spread around the Pacific region and beyond. About 30m ethnic Chinese are estimated to live outside China, with large communities throughout South-east Asia, in the US, Canada, Australia

and Britain. Many of these communities are Cantonese speaking, having their roots either in Hong Kong, or in China's Guangdong province adjoining the British territory. As they try to maintain cultural links with their original homes, so they provide commercial opportunities.

The best markets are the South-east Asian countries—Singapore, Malaysia and Thailand—each of which has substantial Chinese communities. Countries like Singapore and Malaysia also buy heavily from Taiwan, where programmes are produced in

Mandarin Chinese. Vancouver has established itself as an important market. Cathay TV for the last year has transmitted 65 hours a week of programmes, all but a couple of them in the Cantonese dialect. Apart from new programmes, which are put together locally, Brian Sung transmits everything TVB has to offer: "The problems will come when we want to expand further, because we are already taking everything," he said.

Ironically, the larger Chinese communities in San Francisco and New York are less well served. In San

Francisco, for example, Chinese language programmes are transmitted on five local cable TV stations, but there is no single station like Cathay devoted to a Chinese-speaking audience.

Most popular of all the programmes are extravaganzas including beauty contests, variety shows and singing contests. Brian Sung notes: "It is very 1950's-style TV—large productions, with lots of people and glitter."

Similarly popular are traditional Chinese epics—kung fu costume dramas that involve astonishingly choreographed fight scenes. A long

series based on the novels of Hong Kong writer Louis Cha, who is also publisher of one of the territory's leading Chinese-language newspapers, has been popular among Chinese audiences around the Pacific.

Brian Sung is well aware of the foundation of his own success, and this important export contribution to TVB's coffers: "Hong Kong people are just TV crazy, and when they come to live overseas, they carry the craze with them." As long as this remains the case, then TVB and Mr Sung are on to a good thing.



Japanese groups join consortium in telecoms bid

BY DAVID THOMAS

**TWENTY-THREE** Japanese companies, including some of the largest Japanese multinationals, have taken a stake in a consortium led by C. Itoh, the Japanese trading group, and Cable & Wireless, the UK international telecommunications company, which is bidding to provide a second international telephone service for Japan.

Cable & Wireless said yesterday that the participation of these Japanese companies would increase the consortium's chance of winning the deal.

The consortium, known as International Digital Communications Planning (IDC), is vying for a share in Japan's international communications market worth about \$1bn (£594m) a year under the control of Kokusai Densoha Denwa, the Japanese telephone monopoly.

The consortium faces a powerful alternative group, International Telecommunications of Japan (ITJ), led by a handful of Japanese corporations with strong backing in some official quarters.

Besides C. Itoh and Cable & Wireless, which each has a 20

per cent stake, other major shareholders in the IDC consortium include Toyota, the Japanese car company, and Telesia, the US west coast regional telephone operating company, which each has 10 per cent.

The 23 companies which have now taken a small stake in the IDC consortium include Nippon Steel, Toshiba and Nomura Securities.

The banking arms of Sumitomo and Mizuho have also taken a small stake. Their parent corporations are leading participants in the rival ITJ consortium.

The Japanese members of IDC have also said they are interested in taking capacity in the telecommunications link which Cable & Wireless plans between western Europe, the US and the Far East and which it calls its "global digital highway."

Sir Eric Sharp, Cable & Wireless chairman, said: "IDC is a unique development in international telecommunications and puts the UK alongside the US and Japan in the forefront of creating a new infrastructure for the world information era."

Israeli fighter sale 'blocked'

BY ANDREW WHITLEY IN TEL AVIV

ISRAELI negotiations to provide Honduras with two squadrons of Kfir combat fighters, valued at up to \$200m, are reportedly being blocked by the US Government.

The Kfir, an Israeli-made variation on the French Mirage III, is powered by a US Pratt and Whitney engine and thus requires a US export licence for third party sales.

The export contract is a vitally important one for the state-run Israel Aircraft Industries (IAI), makers of the Kfir, facing a downturn in orders.

Officially, IAI will not comment on the Honduran negotia-

tions. According to one well-informed Israeli official, however, the objections from the US to the sale stem from competition for the sale with an unnamed American company.

A preliminary contract to supply Honduras with the Israeli combat aircraft, a mainstay of the Israeli Air Force, is believed to have been signed.

Estimated by Israeli officials to be worth between \$150m and \$200m, it would be one of the largest export orders the company has won.

Reports from Washington, yesterday said that while the State Department and Pentagon

have not raised any formal objections to the sale, difficulties have been raised by the US Treasury.

In 1981, Israel was able, after some difficulty, to secure US permission to sell 12 Kfirs to Equador. But an order on this scale for the more sensitive Central American region, is bound to create more problems for the US Government.

Honduras has a longstanding relationship with Israel in commercial and military fields. During the 1970s Israel sold the Honduran Air Force a number of military transport aircraft.

Bentley plans US launch

BY JOHN GRIFFITHS

BENTLEY cars are to be launched in the US in January. Previously Rolls-Royce Motor Cars, maker of the Bentley range, have sold a few such models in the US but these have been mainly to British expatriates placing specific orders.

The cars will be marketed through Rolls-Royce's existing dealer network. Separate distribution was considered, but rejected, at least until the size and type of demand for the cars be established.

Only one model, the Bentley 8, is to be sold initially. Its price has not been fixed but is

expected to be about \$15,000 less than the similarly-bodied Rolls-Royce Silver Spirit, which costs \$107,000.

The 136 mph Mulsanne Turbo R model is expected to be added to the range at a later date.

A Bentley spokesman said yesterday that the company believes "a high proportion" of Bentley sales in the US are likely to be incremental to Rolls-Royce models, rather than substitutes for them.

The Bentley 8 has been progressively engineered to provide more sporting qualities than Rolls-Royce models and the

company insists that the cars appeal to a younger category of buyers than Rolls-Royce owners.

The company bases this assertion on experience already gained in the UK and on the Continent with the relaunch of the Bentley marque.

In the first nine months of this year, out of 684 cars sold in the UK, 293 were Bentleys, while of the 248 sold on the Continent 116 were Bentleys.

The renewed strength of Bentley sales parallels continued growth in total Rolls-Royce sales world wide.

Way cleared for Uruguay round of Gatt talks

BY WILLIAM DUFFORCE IN GENEVA

OFFICIALS in Geneva appear to have successfully ironed out differences over the organisation of the new round of trade talks and the nominations of chairmen to principal committees.

The 92 countries in the General Agreement on Tariffs and Trade (GATT) will convene the first meeting of the Trade Negotiations Committee (TNC) on Monday. The committee will be the supervising body for their scheduled four-year effort to arrest the growth of protectionism and to enlarge world free trade.

This will enable the timetable set by trade ministers at their meeting in Punta del Este last month to be adhered to.

Ministers had set deadlines of October 31 for the first meeting of the TNC and December 19 for detailed negotiating plans to be put into effect.

Mr Enrique Iglesias, the Uruguayan foreign minister who presided over the Punta del Este meeting, will chair the first TNC session and has been asked to continue as its chair-

man whenever it convenes at ministerial level. Mr Arthur Dunkel, Gatt's director-general, will chair TNC meetings of senior official level in his personal, not official capacity.

This arrangement reflects the continuing concern of Brazil, India and some other developing countries that the services sector should not be seen as falling within the purview of Gatt.

Under the compromise reached at Punta del Este, the Uruguay Round consists of two parallel sets of negotiations, those on trade in goods being conducted by Gatt members and those on services by governments in their own right.

After the TNC meeting on Monday (the Group of Negotiations on Goods (GNG) will hold its first session, probably under the chairmanship of Mr Dunkel. A separate Group of Negotiations on Services (GNS) will be chaired by Mr Felipe Jaramila, the Colombian ambassador to Gatt who has headed its committee on trade in services.

Bangladesh plans \$140m steel boost

BY JOHN ELLIOTT, RECENTLY IN DHAKA

A \$140m modernisation of Bangladesh's Chittagong steel mill, which forms the basis of the country's steel industry, is about to start with technology and managerial services probably being supplied from Japan, Mexico and India.

The work includes the possible construction of a 600,000-tonne a year sponge-iron plant, partly based on countertrade of iron ore for sponge iron with India and modernisation of the steelworks with Japanese aid.

The steelworks was built by Kobe of Japan and completed just as Bangladesh became independent of Pakistan in 1971. It has never approached its capacity production of 250,000 tonnes a year. Output has ranged from 47,000 tonnes to 130,000 a year and there have been heavy losses.

Last year, however, following a switch of fuel from furnace oil to locally produced natural gas, and increased demand, it made profits of Takka \$2m (£1.94m). The Bangladesh Steel and Engineering Corporation, which runs the mill, hopes demand will increase as a result of the Government's liberalised industrial policy.

NKK of Japan is expected to be awarded a consultancy contract shortly for modernising and upgrading the steelworks to produce 200,000 tonnes a year.

Japan has provided a loan for the work of up to ¥4.7bn (£21.21m) at 1.25 per cent, repayable over 30 years with 10 years' grace. It is assumed

that the contractors will also be Japanese.

Hyisa of Mexico is leading an international consortium negotiating a possible turnkey contract worth more than \$150m for constructing the sponge iron plant.

The consortium includes Kawasaki Heavy Industries of Japan, and Birla Technical Services of India.

Hyisa would provide the technology and manage the construction, operation and marketing. Birla, which has put together part of the financial and counter-trade package, would supply some machinery, as would Kawasaki.

The aim is to replace 65 per cent of the mill's pig-iron and scrap raw materials with sponge iron. The mill would take about 150,000 tonnes a year of the sponge-iron output, with 400,000 tonnes being exported, mostly to India, which would in return supply the iron-ore and pellets as raw materials. The remaining 50,000 tonnes would be used in Bangladesh.

The consortium estimates the project's foreign exchange cost at about \$120m. The consortium's proposals envisage Exim Bank of Japan providing about \$80m, Exim Bank of India \$50m, and Mexican financial sources \$10m.

When the negotiations are completed, the government may seek soft loans from countries involved to offset expected increases in the contract price above the consortium's bid of \$150m, which does not include all the facilities required.



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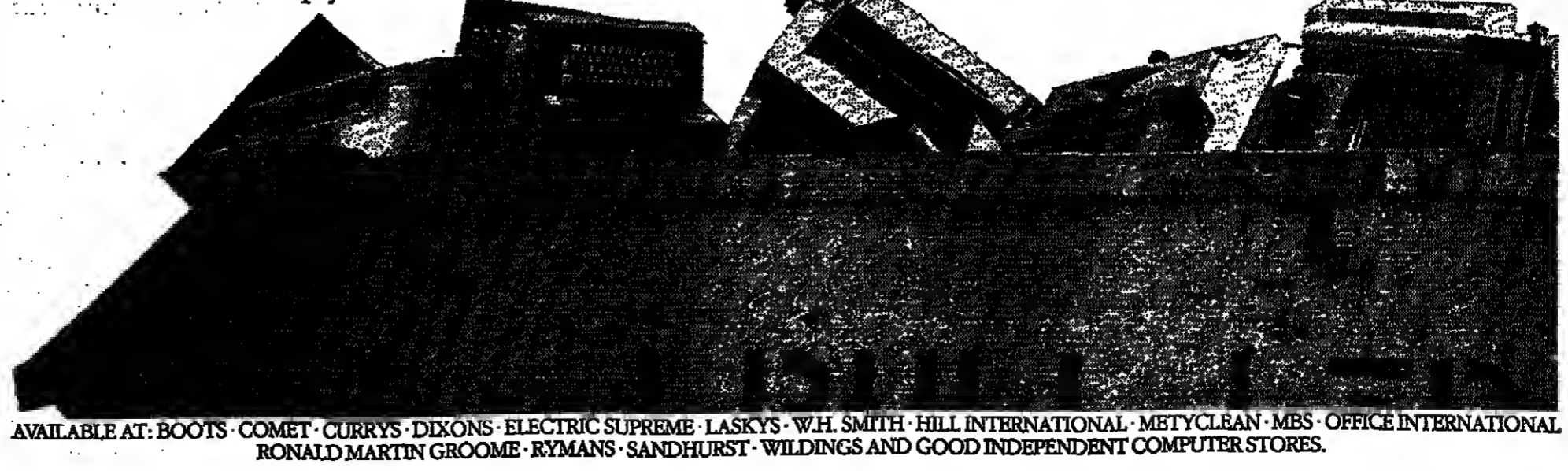
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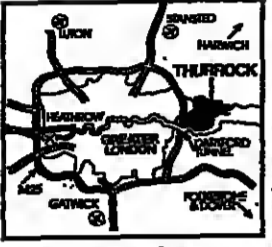
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**Junior market 'a threat to USM'**

By Alice Rawsthorn

THE THIRD MARKET, the junior market which will be introduced next year under the aegis of the Stock Exchange, should attract around 300 companies in its first year of operation, but may pose a threat to the existing Unlisted Securities Market, according to a report published yesterday by the accountants Touche Ross.

After a series of delays the Stock Exchange proposes to launch the Third Market early in the New Year. It has been devised to function as a formalised version of the over-the-counter market which has sprung up off the Stock Exchange floor and will trade in the shares of young, unquoted companies in a less rigorously regulated environment than the stock market or the USM.

Touche Ross estimates that the Third Market will start to deal in the shares of 20 companies on its first day and will deal in 200 companies by the end of 1987. This would represent a speedier start than the USM, which attracted eight companies in its first day of dealings and recruited its 500th member company two weeks ago, after almost six years of operation.

Whereas the USM demands a trading record of three years and the main market five years, the Third Market will allow companies to join with no track record at all. Touche Ross anticipates that around 10 start-up companies will join within the first year.

In the report Touche Ross suggests that companies with pre-tax profits of less than £500,000 will join the Third Market, while those with profits of more than £1m will opt for a full listing.

The attraction of the new marketplace will undoubtedly have an adverse effect on the number of companies joining the USM, said Mr Tony Herron, senior corporate finance partner at Touche Ross. Just as the Stock Exchange has ensured that the cost of entry to the USM is marginally lower than that to the main market, so it will ensure that the cost of joining the Third Market is lower than for the USM.

Touche Ross estimates that for a company with existing public shareholders, the cost involved will be around £20,000.

**Retail spending reaches record**

By Janet Bush

BRITISH CONSUMERS spent a record amount in the third quarter of this year, according to provisional figures released by the Central Statistical Office (CSO) yesterday.

They spent a total seasonally adjusted £49.3bn at 1986 prices in the period, up 1.6 per cent from the second quarter and 1.2 per cent higher than in the period from July to September last year.

The CSO said that its third quarter estimate reflected increased spending on most categories of goods and services. Consumer expenditure has been on a firmly rising trend since around 1982, but growth has accelerated markedly in the last two quarters. In the second quarter, spending leapt to £39.6bn from £38.9bn in the first three months of the year.

**Michael Donne looks at Britain's role in the new Airbus project Bae cash call lands in Whitehall**



OVER THE next few months, top executives from British Aerospace (BAe), the aircraft, missiles and space group, will be discussing with officials of the Department of Trade and Industry (DTI) just how much cash the Government will grant in launching aid for UK participation in the next generation of Airbus.

Although BAe will be pressing for up to about 90 per cent of the £700m it is believed to have asked for, it may eventually have to do with much less. This may be necessary because of overall pressures on public spending and other heavy forthcoming Government cash injections for the aerospace industry, for example on the UK's share of the new European Fighter Aircraft (EFA) and its engine.

BAe wants the cash to build the wings for the proposed new A-330 and A-340 airliners, intended by Airbus to widen its product range to compete more effectively in world markets with both Boeing and McDonnell Douglas of the US.

The A-330 is a 300-seat, twin-engine jet for short routes with high traffic loads. The A-340 is a 280-seat, four-engine jet for long-range routes where traffic loads do not justify using such giants as Boeing 747 jumbo jets.

Airbus wants to build the two new aircraft in parallel, for service from 1991 (A-340) and 1992 (A-330), using common wings, fuselages and systems, to save development costs. Originally, Airbus was suggesting overall development costs of about £2.5bn, but the estimate is now believed to be somewhere between £3bn and \$4bn, over the period from 1987 to 1992.

The heaviest cost burden would fall in 1987-89 - the main development phase. Airbus wants to start building next spring, to meet the early-1990s in-service dates.

BAe is asking the UK Government for what it regards as equality of treatment to that being granted by the French and West German Government to their aerospace industries on the venture - if not all the money, at least up to 90 per cent of the total costs, through loans repayable by levies on aircraft sales.

The money would cover the detailed design, development, tooling and training costs of personnel on the wing programme, together with flight testing and initial production.

What is significant about the BAe application for aid is that it is based on the total Airbus "package" of both A-330 and A-340. BAe is not getting involved in the debate over recent months on whether Airbus should drop the A-340 part of its programme, in favour of joining

McDonnell Douglas in developing the rival MD-11 tri-jet, planned by the US company as a replacement for the existing ageing DC-10.

Only this week, Mr Jean Pierson, president of Airbus, reiterated earlier statements that talks with McDonnell Douglas on possible collaboration on new long-haul jets were dead, because both sides insisted on retaining their own projects - Airbus the A-340 and McDonnell Douglas the MD-11.

BAe has accepted that situation, and has made its financing proposals on the basis both the A-330 and A-340. It is also basing its case on the fact that it has already invested more than £1bn, of its own money in civil aircraft ventures, including earlier versions of the Airbus. So far, the only Airbus launching aid it has received has been £250m for its share of work on the wings for the narrow bodied A-320 which has now logged orders for close to 400 aircraft, and which is due to fly next spring.

BAe believes that the Airbus Industrie market estimates justify building both the A-330 and A-340. Airbus foresees world airlines buying up to 1,300 new long-range jets by the end of the century, of which it believes it can win orders for about 250, against competition from the MD-11 and a new, smaller version of the Boeing 747, called the Advanced Short Body (ASB) aircraft.

Airbus has discussed the A-340 with many airlines, and has identified possible launch orders for up to 80 aircraft. Airlines interested include Lufthansa, Air France and Swissair.

Airbus also sees a world demand for about 1,180 aircraft in the high-density short-haul A-330 category, of which it believes it can win about 800. This is because the only likely competition in this field would be from Boeing, with a new version of the 767 twin-jet, the Series 400.

The DTI remains to be convinced of the validity of both the Airbus market forecasts, and BAe's request for such a large sum. The DTI is likely to argue that BAe, with its strong profits record, ought to be able to borrow the money it needs - or at least a large part of it - in the City of London or find some of it from its own resources.

It is clear that the bargaining is going to be tough. It is even possible that the DTI could request a re-examination of the question of collaboration with McDonnell Douglas, and bring political pressures to bear on Airbus Industrie and the French and West German Governments to try to achieve some accord.

**Purchasing by PO passes value test**

By David Thomas

THE MONOPOLIES and Mergers Commission has given a largely clean bill of health to the purchasing activities of the Post Office, which it investigated as part of its regular programme of studying the efficiency of the nationalised industries.

A report published by the commission yesterday says that the Post Office, which spent £300m on goods and services in 1985-86, has substantially improved its purchasing standards since 1981 and has generally obtained value for money.

However, the report makes a number of detailed recommendations for improvements. These include a review of the PO's dependence on one main supplier for postage stamps (Harrisons, a printing company based at High Wycombe, Buckinghamshire). It also urges the use of more outside engineering contractors for the maintenance of equipment and buildings.

It suggests that efforts should be made to reduce commissions paid to advertising agencies in addition to experimenting with an alternative fee-paying system for advertising.

A review of rates paid to small airlines for night air services is suggested on the grounds that the rates may be so competitive that they are driving small efficient airlines out of business.

The report recommends that stocks should be cut in an average three months' use by August 1987. In some cases stocks represent an average of nine months' use.

The Post Office said yesterday that it was reviewing, or had already carried out, most of the recommendations.

**Profit-related pay interests few companies**

By Janet Bush

THE Confederation of British Industry yesterday urged the Government to continue to widen the debate sparked by its Green Paper (discussion document) on profit-related pay (PRP) but said only a small minority of its members' companies were interested in taking up the Government's proposals at this stage.

"The overwhelming majority of members saw, for one reason or another, practical difficulties standing in the way of adoption and a minority of members was actively opposed to the initiative," the CBI said in its submission to the Green Paper.

The CBI represents around 250,000 public and private British companies and more than 200 trade associations, employers' organisations and commercial associations.

Mr Nigel Lawson, the Chancellor of the Exchequer, who published the Green Paper in July jointly with Lord Young, the Employment Secretary, and Mr Paul Channon, Trade and Industry Secretary, said PRP could be beneficial in two main respects.

First, it would give employees a direct stake in the success of their company and so improve motivation. Secondly, by enabling pay to respond automatically to changes in market conditions, employees would be less likely to lay off workers when business was slack and be less reluctant to take them on at times of healthy growth.

The CBI said it lacked the Government's view that PRP would benefit employee involvement in companies but said consultations with its members had failed to produce any support for the view that a PRP scheme would in itself lead to a direct increase in numbers employed.

However, indirectly, greater employee commitment could work through performance and motivation eventually to help employment levels.

CBI members said the level of tax relief proposed by the Chancellor to encourage widespread adoption of PRP schemes would not in itself be enough to achieve a substantial increase in employee involvement and therefore performance.

The Green Paper proposes that a worker would get tax relief on one quarter of his profit related pay up to a maximum of five per cent of total pay, or £1,800, whichever is the lesser. This would be worth up to £12 a month for workers earning £10,000 a year, close to the national average wage.

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The CBI also expressed concern about the extra administration and cost involved in qualifying for tax relief and the even more complex auditing the Green Paper implied.

"CBI members feared that bureaucratic aspects would not be kept to the minimum, and the extent of regulation would be out of proportion to the tax relief being made available," the submission stated.

Many CBI members did not believe profit was the best measure to which the slice of profit related pay should be related.

The idea of performance-related pay is being reassessed by the Government after a survey showed the confusing unpopularity of a merit bonus scheme for senior civil servants, David Brindle writes.

NOTICE OF EARLY REDEMPTION. CREDIT CHIMIQUE. U.S.\$50,000,000 Floating Rate. Notes Due June 1988/1990. Notice is hereby given that pursuant to the provisions of Clause 7(a) of the Fiscal Agency Agreement, dated as of 5th June, 1983 between Credit Chimique, the Issuer, and Bankers Trust Company, as Fiscal Agent, all of the above mentioned Notes will be redeemed at their principal amount on 11th December, 1986, when interest on the Notes will cease to accrue.

Labour caution on spending. By Peter Riddell, Political Editor, in London. A LABOUR Government would not offer blank cheques or easy money to local authorities. Dr John Cunningham, Labour's environment spokesman, said yesterday. Addressing the annual conference in Newcastle of the Association of Metropolitan Authorities, Dr Cunningham set out in detail the main points of Labour's forthcoming local government policy document, which has just been agreed by a joint Shadow Cabinet/National Executive Committee working party.

NEW INTEREST RATE. House Mortgage Rate. Midland Bank announces that, with effect from Saturday 1st November 1986 its House Mortgage Rate will increase by 1.5% to 12.5% per annum. APR 13.1%. Midland Bank. Midland Bank plc, 27 Poultry, London EC2P 2BX.

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UK NEWS

# Teachers' pay impasse delays spending accord

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT may have to make a special financial allowance to cover any settlement to the teachers' pay dispute in view of the pressures on the contingency reserves from additional spending on other programmes.

The special cabinet committee on teachers' pay and conditions is still undecided and divided with the Treasury reluctant to breach its spending targets. Mrs Margaret Thatcher, Prime Minister, has for once not given a strong lead. The official hope remains that a Government view will be known within the next two or three weeks.

A committee on Scottish teachers' pay has recommended a 16.4 per cent rise over 18 months. It has direct implications for teachers in England and Wales.

Teachers' pay is the main obstacle holding up public spending decisions for 1987-88 and beyond. This is why the timing of the Autumn Economic Statement is still undecided. The timing is constrained by the need to clear the decks before the British Gas flotation in mid-November.

Agreement has now been reached on the budgets for environment and housing and higher education, both much sooner than in recent years, as well as for trade and industry and employment.

Social security spending has also been largely settled although Mr Norman Fowler, Social Services Secretary, has been back this week to the Star Chamber Committee under Lord Whitelaw, leader of the House of Lords, to seek more money to reduce hospital waiting lists.

The gap on defence has been narrowed to about £300m above existing plans for next year, while the Foreign Office was in discussions again yesterday in the hope of agreeing its budget, especially a small real increase in overseas aid.

Moreover, the usual row between the Treasury and Mr Peter Walker, Energy Secretary, over fuel prices, has been much more muted than previously, partly because of the lower oil price.

The low key nature of the discussions reflects the Treasury's willingness to agree to more money for certain social programmes. This attitude has surprised some ministers.

# New Zealand groups in property tussle

BY PAUL CHEEBRIGHT, PROPERTY CORRESPONDENT

THE FIRST two New Zealand companies to stake the UK property sector in recent years were yesterday locked in a £150m battle for control of Property Holding and Investment Trust (PHIT) of London.

In the early hours Wingate Property Investments, controlled by Chase Corporation of New Zealand since August, agreed terms with PHIT for a merger.

This followed an attempt by Apex Group of New Zealand, made on October 15, to win indirect control of PHIT through a tender offer for 29.9 per cent of the PHIT equity.

Chase is seeking to build a presence in the UK after its decision to inject £47m into Wingate. Apex is seeking entry to the British market. Both are responding to the relaxation of financial controls in New Zealand and expanding overseas.

The emergence of Wingate as PHIT's white knight to fend off the Apex Group caused an immediate flurry on the markets, first in New Zealand and then in London where turnover in PHIT shares reached unparalleled levels.

PHIT shares have been trading above the Apex offer of 180p a share. Yesterday they climbed quickly from 160p to 180p before settling back at 171p. Wingate's price, which has trebled in the last three months because of Chase and the New Zealand investment interest behind it, fell back 25p to 40p.

The Apex tender offer expires on Monday. Only then will the company decide whether it will continue the battle for PHIT with a full-scale bid of its own.

# CONSORTIUM CONFIDENT OF MEETING BRITISH TARGET

# Tight finish likely on tunnel funds

BY ANDREW TAYLOR

EUROTUNNEL, the Anglo-French channel tunnel consortium, will not know until today if it has achieved the £70m British target it has set for its £200m international share placing due to be concluded this afternoon.

The £130m to be raised internationally, including £70m in France, is expected to be achieved without much difficulty, but the signs last night were that the British end is likely to be a close run thing although the consortium was still confident of achieving its target.

It is understood that firm pledges representing about 70 per cent to 80 per cent of the British target had been received by yesterday with a number of major institutions still to make up their minds.

There is flexibility to raise more from overseas should the British fall short of their target, but this would not help the project's credibility.

Japanese institutions in particular have expressed strong interest in the tunnel. Around a third of the 40 international banks, which have agreed in principle to provide Euro-tunnel with loans and standby credits of more than £5bn, are Japanese.

In France the placing has been almost a fait accompli for several months. Eurotunnel, headed by Jean-Loup Dherve, its new French chief executive, proposes a 31-mile-long rail tunnel between Britain and France. It aims to issue in total 3.5m units comprising one share in Eurotunnel plc, the consortium's British arm and one share in Euro-

tunnel SA, the French representative.

The units are to be placed, only with institutional investors at £12 and FFf 120 for the two shares, which are not permitted to be sold separately. The £90m to be raised outside of Britain and France is to be spread in roughly three equal tranches between Japan, the US and the rest of the world.

Subscriptions for units must be made no later than 2pm British time and 3pm French time today. A much larger £750m international share offer for sale is planned for next summer.

Kevin Brown writes: Translink, the contracting arm of the consortium building the tunnel, has reached preliminary agreement on a £1m order for the first locomotives.

Hunslet (Holdings) a Leeds-based engineering group, has received a letter of intent for the supply of four locomotives for use during construction work. They will be used to haul part of the estimated 1.8m cubic metres of spoil from the tunnel for dumping at Shakespeare Cliff, on the Kent coast.

The locomotives will run on a rack and adhesion system, similar to rack and pinion, and will be electrically powered by both batteries and overhead wires. Delivery is scheduled for May 1987.

Hunslet said the rack system would enable the locomotives to haul trains of 80 tons up the steep incline from the tunnel to the dumping site.

# Waterloo fears army of French invaders

PARLIAMENTARY SKETCH  
By John Hunt

THE proceedings in the Grand Committee Room where the House of Commons select committee on the Channel Tunnel held its 30th hearing yesterday has become one of the longest marathons of its kind since Isambard Kingdom Brunel was subjected to a similar ordeal to build the Great Western Railway in the 19th century.

The purpose of this ingenious device is to permit small objectors to have their say before the Commons and Lords move on to the further stages of the legislation. The select committee procedure was chosen by Mr Nicholas Ridley, who was then Transport Secretary, in preference to holding a public inquiry into the Channel Tunnel proposals, which would have been even more time-consuming.

Dozens of petitioners have presented their cases and yesterday it was the turn of Lambeth Council to object about the difficulties that could arise with the development of Waterloo station to become the London terminal of the Channel link.

With the council under the leadership of Mr Ted Knight and the hard left, it has become customary for its critics to append the word "loony" to its title. But yesterday it was conducting itself in a most unloony fashion.

Had the unusual spectacle of the council appearing as the champion of the petit-bourgeois small businessmen who are likely to be affected by the proposals for the terminal.

There was hardly any sign of the agitprop that often surrounds Lambeth campaigns, just the occasional green badge declaring "Let Waterloo live".

Mr Giles Dolphin, the borough's senior planning officer - or "ham leader" in Lambeth parlance - gave a highly professional presentation and put cogent arguments on behalf of the local community that has clung on in the area amid expanding office development.

According to Mr Dolphin these survivors would be under more pressure if the terminal went ahead. The influx of international passengers would create a demand for shops and businesses that would not be used by the locals - bureaux de change, banks, travel offices and hotels - creating yet another downward spiral of the local community. Homes would be bought up and turned into expensive pied-à-terre for Paris businessmen.

There was a nostalgic picture of the old, established businesses in the area. The vivid widening, Mr Dolphin said, would mean the demolition of the offices of Deinhard and Co, wine merchants, employing 61 people, and a similar fate would overtake the Royal George pub employing seven.

He predicted that the flow of international travellers and local rail

users could reach 230,000 a day at its very peak and conjured up a terrifying picture of confusion on the concourse.

These foreigners would not be churning briefcases like respectable British commuters but would be burdened with rucksacks and suitcases and would litter the area with luggage trolleys.

Labour MP Mr Allan Rogers wanted to know why hotel and tourist development should not be as desirable around Waterloo as it was in the south of France.

"I have never been to the south of France," replied Mr Dolphin, who clearly prefers the south bank of the Thames to the Left Bank of the Seine.

Harrowing personal stories from the Kent coast stand out from the technical jargon in the official minutes of the committee's proceedings. Wednesday started with a Mr Patinson of the Old Water Mill, Frogholt, telling how he spent thousands of pounds on a protected property, only to be told that it might be compulsorily purchased. Fearing that he might eventually be redundant as a chef on Townsend Car Ferries, he was trying to build up a sideline as a violin instrument maker.

"I was totally devastated and my nerves are suffering," he told the committee.

Mr Robert Fry, of the Coach House, Newington, said there was an horrendous proposal to build the continental main line across his drive, an old property which he had spent "three years blood, sweat and tears" working on.

"If we lose that, we lose everything," he declared.

The remit of the committee is, in fact, very limited. It cannot consider the principle of the Bill or deal with matters of public policy.

This is graphically illustrated in the minutes of evidence for last Tuesday's hearing when Mr Gordon Wallis, owner of some self-catering holiday units at Newington, submitted his petition.

Mr Wallis: "There is another matter that does concern me and I think it is one that properly you and your committee do have some say in, and that is the possible abandonment of the scheme."

Chairman (Tory MP Mr Alex Fletcher): "No."

Mr Wallis: "I see. Then in conclusion there is no doubt in my mind that the Channel Tunnel project will adversely affect my business and what is more it will adversely affect the present tourist trade in our area and the future trade."

"No one will wish to visit the area in order to stay. For at the end of the day there can be no doubt that this corner of our country will be nothing but coast-to-coast concrete."

# Court supports bar on Labour candidate

BY RAYMOND HUGHES IN LONDON

KNOWSLEY North Labour Party failed last night to obtain a High Court order blocking the decision of Labour's national executive (NEC) to bar Mr Leslie Huckfield from selection as the party's candidate in the pending Liverpool by-election.

Mr Justice Hoffmann refused to grant Mr Huckfield and the Knowsley North party a temporary injunction stopping the NEC acting on decisions taken on Wednesday to bar Mr Huckfield and impose Mr George Howarth as Knowsley North's candidate.

The court ruling came within hours of the writ for the by-election at Knowsley North, caused by the resignation of Mr Robert Kilroy-Silk being moved in parliament. The judge gave three reasons for refusing to grant an injunction.

He thought it unlikely that it could be established that the NEC had acted unfairly towards Mr Huckfield, or broken the rules of natural justice. It was arguable that the NEC had the power under its rules to act as it did.

The balance of convenience, looking at the interests of both the Labour Party and Mr Huckfield, was in favour of not interfering with the by-election process by granting an injunction.

The judge also observed that the Labour Party's rules required parliamentary candidates to be endorsed by the NEC. Even if Mr Huckfield were to be selected it was most unlikely that he would be endorsed, the judge said.

The judge had been told that the NEC regarded Mr Huckfield as disqualified from selection because of an assurance he was said to have given when selected as a candidate for the European Parliament elections: that if elected he would not, during the lifetime of the European Parliament, or his term as a Euro MP, seek election to Westminster.

Mr Huckfield denied giving an assurance in these terms and complained that an NEC investigation into the matter had not given him a proper opportunity to put his side.

MPs later agreed on Thursday, November 13, as the date for the by-election in the safe Labour seat.


The Liberals initially objected to the speaker (chairman) issuing his by-election writ - normally a formality.

But after an hour and a quarter of sometimes acrimonious debate, including attacks on Knowsley North's former MP, Mr Kilroy-Silk - who has claimed he was hounded out by the Trotskyite Militant Tendency - MPs approved the poll date without a vote.

Liberal leader Mr David Steel said the writ should not be moved until the name of the Labour candidate was known and the outcome of the court case known.

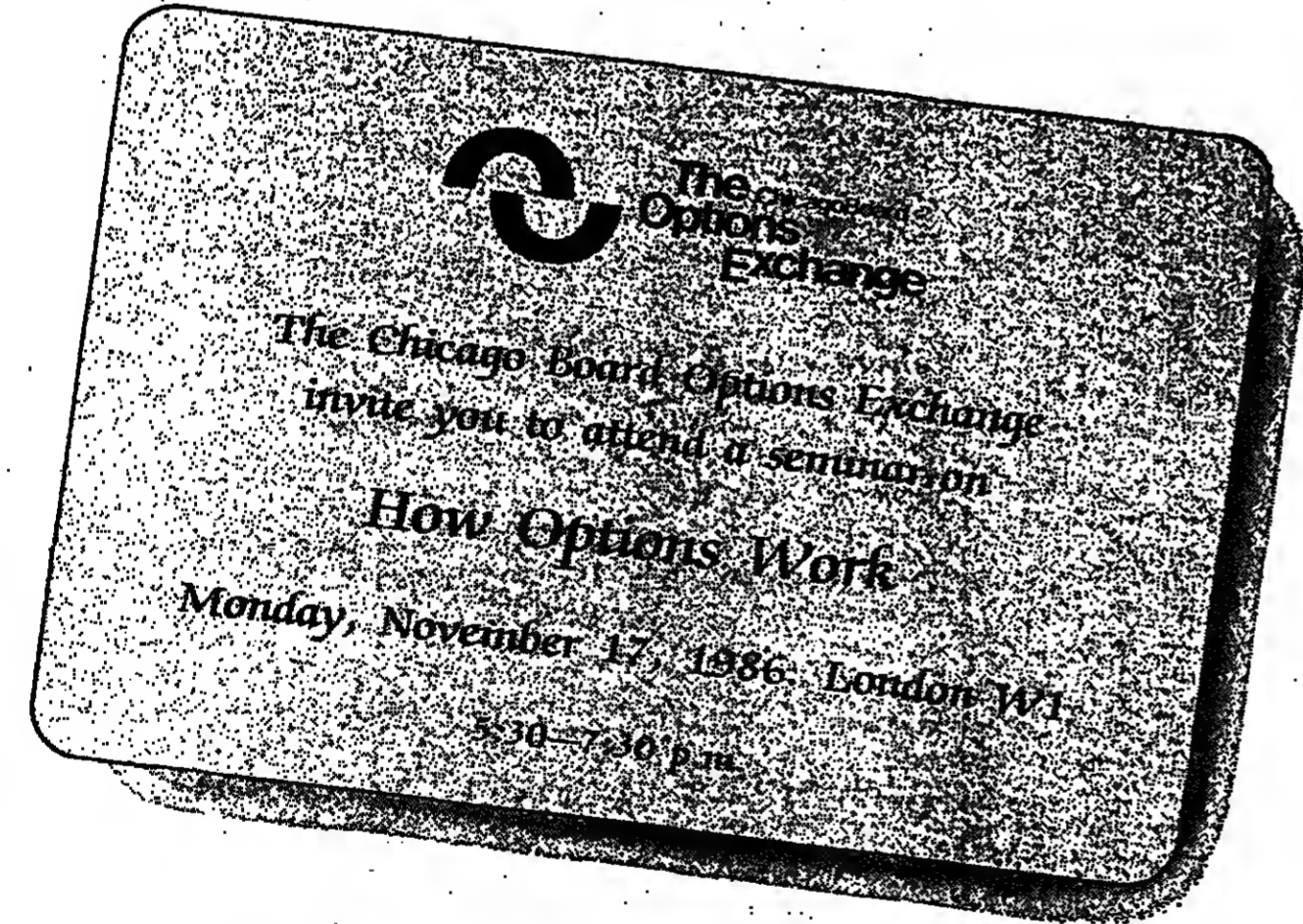
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UK NEWS

Premium boost forecast for pension companies

BY ERIC SHORT

LIFE companies can look forward to a £500m to £750m boost in their annual pension premium income when new pensions provisions come into operation from April 1988 - more than double their current premium income from self-employed pensions business.

This prediction was made yesterday by Mr Roger Harvey, director of insurance research at Greenwell Montagu, when he addressed delegates on the second day of a conference in London on personal pensions organised by the Institute for International Research.

The 1986 Social Security Act not only introduced the right of every employee to take out his or her own personal pension, it also made it easier for employers to set up company pension schemes outside the State Earnings-Related Pension Scheme and for employees to top up the benefits from their company

scheme by making Additional Voluntary Contributions (AVCs).

Mr Harvey accepted that life companies would benefit from personal pension business but felt that forecasts for the potential of this market were too optimistic. He considered that rather fewer than 500,000 employees would take out personal pensions and that the premium would average around £1,000 a year - not 'spectacular stuff', but high enough to be profitable for life companies.

However, he considered that the other changes would generate much more business for life companies with smaller companies setting up pension schemes for the first time and many more employees taking out AVC contracts. In particular, he saw considerable potential in mortgage business with pension contracts being used to pay off the loans.

However, Mr Harvey emphasised that success in this field would only come to those life companies which were prepared to put considerable efforts in getting their marketing right. Personal pensions would not sell themselves. He concluded that threats to life companies from unit trust groups, banks and building societies, which were being allowed to sell personal pensions for the first time, had been overestimated.

Mr John Stewart, insurance services manager of the Woolwich Equitable Building Society, considered that building societies were well placed to sell personal pensions. They had a high and good public image, a wide customer base with thousands of retail outlets, a record of safe, risk-free investment and considerable experience in handling payments of varying size and from customers.

Stress 'is main threat to health for staff in City'

By Financial Times Reporter

STRESS is regarded by City of London and other financial institutions as being the most serious health issue facing their staff, according to a Mori survey.

Senior managers in 112 financial organisations were interviewed and 84 per cent identified stress as their main health concern, over four times the number who stated heart disease and six times those who mentioned alcohol.

Mr Bob Worcester, chairman of Mori, in giving the findings yesterday to a symposium organised by the private health insurers Bupa on Stress and the City, said that the most likely organisations to give a high rating to stress were accountancy firms followed, 'somewhat to our surprise', by building societies.

Other high ratings came from wholesale financial institutions and those which were affected by the 'Big Bang' deregulation of the City. Merchant banks were about the norm and the least stressful, according to their own evidence, were the retail banks. People who worked in the City had higher stress ratings than those in similar jobs outside London.

Too much work was seen as the biggest single factor in creating stress. Other causes given included the pace of change, long hours, competition, pressure to perform, overwork, the conflict between work and private life and job insecurity.

The most frequently mentioned sign of stress, Mr Worcester said, was that the employee's performance suffered. Other symptoms included irritability, absence from work, indecisiveness, drinking and depression. Middle managers were thought to be the most vulnerable.

Only 2 per cent of the managers said their organisations had any formal way of identifying people under stress. 'Few believe that they can identify stress effectively,' Mr Worcester said, 'and there seems to be little constructive prevention other than an annual health examination for senior executives.'

Dr Joe Korman, medical director of Bupa Occupational Health, told the symposium that stress was 'the mismatch between the capacity of a person and the demands placed upon him or her.'

Contrary to popular belief managers are healthier, have a better diet, take more exercise and live longer than many other people, according to Dr Andrew Mullan, medical adviser to the Administrative Staff College, Henley. He told a managerial conference in Kent yesterday that a manual worker's chance of reaching 65 was only 60 per cent of an executive's. He said most stress came from an executive's family life rather than from financial and work pressures.

Policy switch sought on information technology

BY DAVID THOMAS

A CHANGE in Government policy on information technology was called for yesterday by a pressure group representing mainly large British-owned information technology companies.

The United Kingdom Information Technology Organisation issued a policy statement on Government policy at a seminar in London attended by senior managers and MPs.

The statement said that the information technology industry in the UK was highly fragmented and argued: 'only a change of Government policies in relation to the industry and a move towards an integrated policy can remedy the situation.'

It stated that the dominance of US and Japanese companies 'has resulted from deliberate policies on the part of their governments to

support and develop their information technology industries.'

The paper criticised the Government's approach and made recommendations on a number of detailed areas. It said that Government aid often led to support for the wrong projects - those which were not the applicant's first choice and which carried an even higher risk because of their 'pioneering nature'.

To remedy this, support schemes should be extended beyond research and development and awarded on the basis of different criteria, including that of export promotion and import substitution.

The paper was critical of the impact of inward investment on the UK industry. Still shortages had been made worse by 'the rather non-selective process of the provision or cutting back of budgets in universities and schools.'

...LAST IN From Oct 26th, Eurobusiness travellers to London can leave Milan at 8.15 pm. Alitalia now has 52 weekly flights between Heathrow and Milan: 314 flights in all, between Heathrow and Italy. Brava Alitalia! (Except Wed & Sat)

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NOTICE IS HEREBY GIVEN pursuant to paragraph 7(b) of the Fiscal Agency Agreement dated as of December 13, 1984 between EXPORT DEVELOPMENT CORPORATION ("EDC") and ORION ROYAL BANK LIMITED ("the Fiscal Agent"), and in accordance with Condition 5(c) of the Terms and Conditions of the 11 1/2% Notes Due December 15, 1989 Series RC (the "Notes"), that EDC has elected to redeem C\$6,082,000 aggregate principal amount of the Notes in the denominations of C\$1,000 and C\$10,000 each bearing the distinguishing letters "RC" and the under-mentioned distinguishing numbers, namely:

FOR THE C\$1,000 DENOMINATED NOTES

Table listing 1000 C\$1,000 denominations with serial numbers ranging from 2 1992 3411 5025 6646 to 578 2032 4394 6025.

FOR THE C\$10,000 DENOMINATED NOTES

Table listing 100 C\$10,000 denominations with serial numbers ranging from 18 49 232 341 511 706 to 142 322 443 613 783 953.

have been selected by lot by the Fiscal Agent for redemption on the 24th day of November, 1986 at a redemption price equal to 101% of their principal amount plus accrued interest to the date of redemption (totaling C\$1,118.29 per C\$1,000 Note and C\$11,182.92 per C\$10,000 Note). The aggregate principal amount of the Notes outstanding after November 24th, 1986 will be C\$4,311,000. All the Notes listed above will be redeemed on November 24th, 1986 in Canadian Dollars upon presentation and surrender of the said Notes (accompanied by the interest coupons appertaining thereto which mature after November 24th, 1986, failing which the face value of any missing unmatured coupon will be deducted from the sum due for payment), et any of the following paying agents, at the option of the holder:

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NOTICE IS ALSO HEREBY GIVEN, that all interest on the Notes so called for redemption shall cease to accrue on or after the said 24th day of November, 1986 and coupons for the payment of interest after such date on said Notes shall be void.

DATED AT LONDON This 24th Day of October, 1986 BY ORION ROYAL BANK LIMITED Fiscal Agent

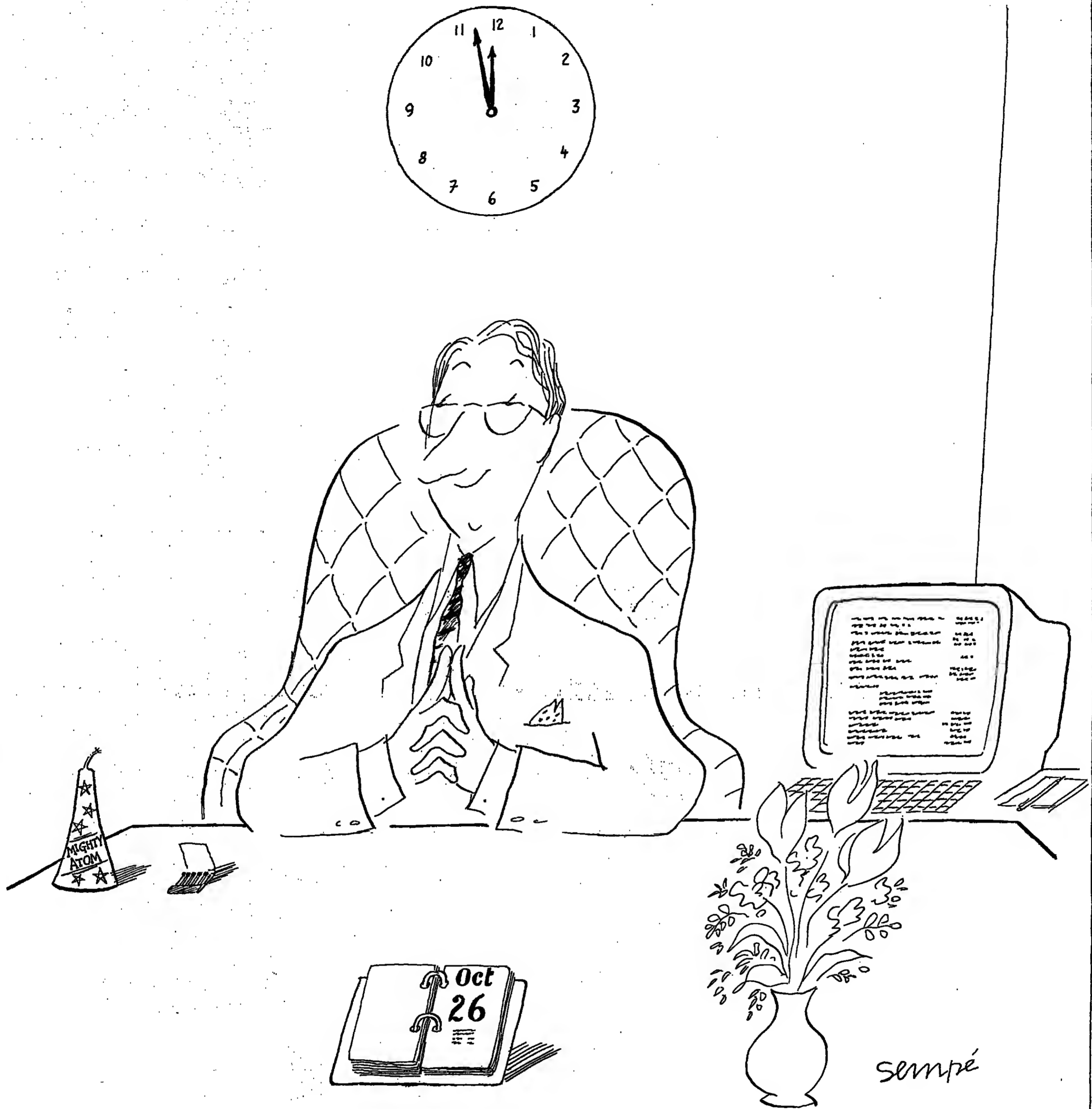
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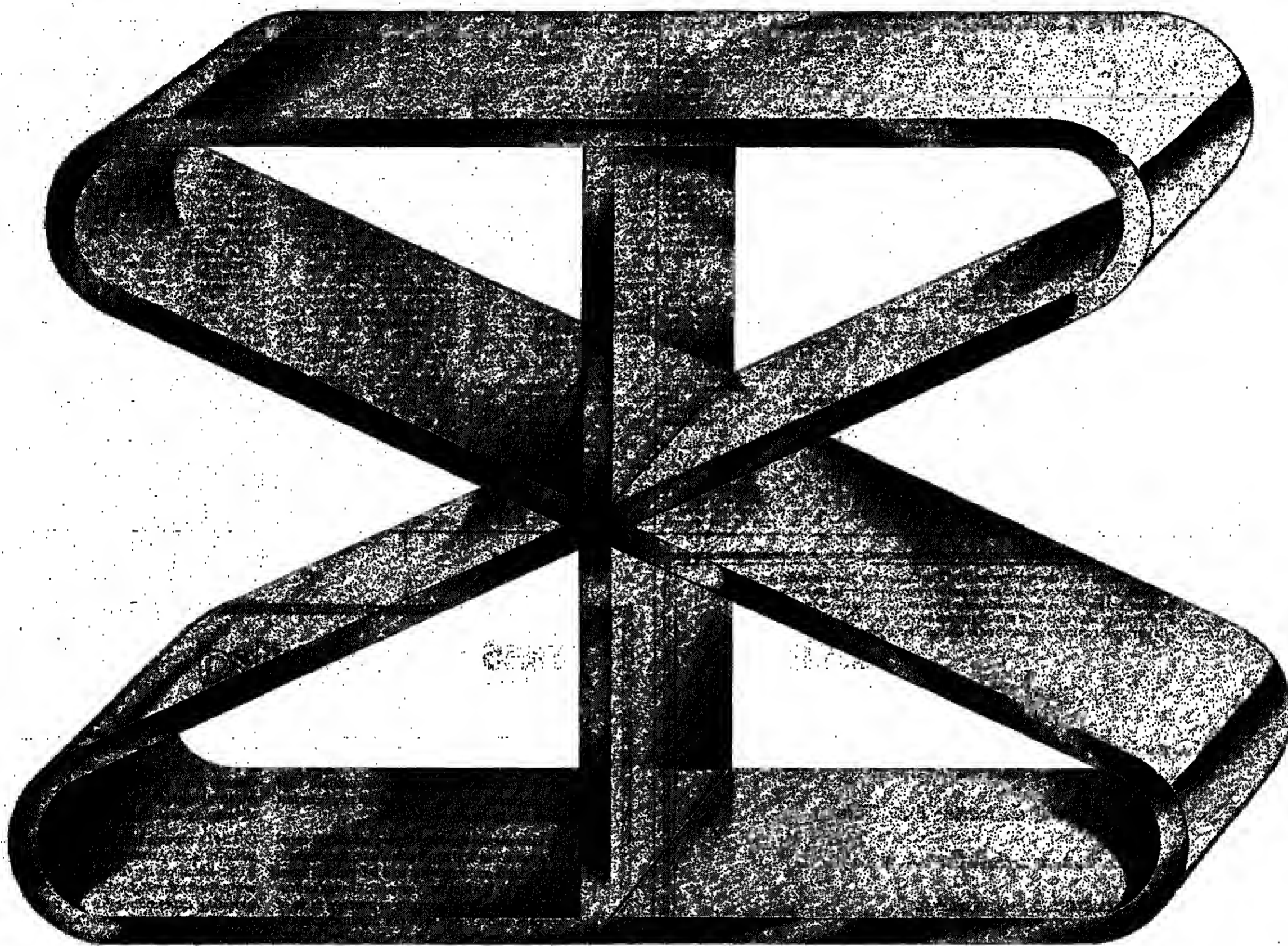
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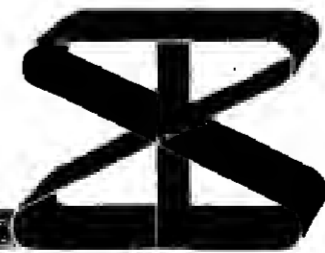
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# THE PROPERTY MARKET

By PAUL CHEESERIGHT

## NEW ZEALANDERS

### Hamilton ruffles PHIT

GRAHAME HAMILTON knows London. He has been in and out for 20 years. But London does not know him, although it is learning.

In fact, he is a 45-year-old New Zealand entrepreneur—a cautious entrepreneur, as he puts it—who is a father of five and grandfather of three. Recently liberated from the formalities of corporate life, Mr Hamilton is the man who started a flurry of activity around Property Holding and Investment Trust (PHIT), as his ambitions spread from Australasia to Europe.

He wants a quoted London property vehicle and has the resources to get one. Property, he argues, is a reasonably secure entry to the UK market. "We were looking for companies with a sound property portfolio which had potential developments and whose managements were not aggressive but could be influenced to become so."

He had his eye on PHIT even before Greycoat made an abortive bid in the summer. So he put a tender offer on the table: 160p a share for 29.9 per cent of the equity—potential spending of at least £37m—from Apex Group.

But Mr Arthur John, the PHIT chairman, found a white knight in the shape of Wingate Property, itself propped up by Chase Corporation of New Zealand—at 165p a share. Next move to Mr Hamilton.

have arrived on the property scene. There could be more. Since the Lange Government in Wellington lifted the shackles on the New Zealand corporate sector, allowing borrowings overseas, Mr Hamilton's generation of entrepreneurs has taken wing.



Grahame Hamilton

He himself left Fletcher Challenge, the biggest New Zealand industrial group and built up Kipe Investments, a shell oil exploration company, to merge with Apex Group which had \$NZ140m of equity and cash with no management. "I'm anxious to be back as a principal. Expanded (of Kipe/Apex) is directed at shareholders' funds which will allow me to do some of the

things on a personal level I was doing at a corporate level," Mr Hamilton said.

Once the Kipe/Apex merger takes effect next month, Mr Hamilton will have a personal stake in the combined companies of 17.5 per cent. On current prices the group will have a market capitalisation of NZ\$65m. Shareholders' funds are NZ\$235m, which would be leveraged to NZ\$322.2m. There is money to invest.

Originally, Mr Hamilton shied away from a full-scale bid for PHIT. Too risky, he thought. "To get 51 per cent, often in the UK you've got to offer a scrip option because a lot of the institutions are concerned with capital gains tax and they prefer paper. We knew Kipe paper would be unacceptable."

Mr John accused Mr Hamilton of bidding for backdoor control of PHIT. And, on the subject of control, Mr Hamilton is quite frank. "In the end that's got to be our objective. We're not going to be a passive investor."

But his favoured approach is co-operation with the existing board. "In the first instance we want to work with the board, evaluate management strategy, contribute our own concepts." For Mr Hamilton his New Zealand experience is perfectly relevant to the UK. "Property has a common theme in terms of the quality of its location, the nature of its tenancy, its expected yields, its management."

## Reinhold's British entry

REINHOLD, the Swedish company, is making its first incursion into the UK market with a plan to redevelop, behind its 19th century facade, the Bible Society building on Queen Victoria Street in the City of London.

Speyhawk will be working with Reinhold on the project which will provide 32,000 sq ft of office space. Reinhold has a Swedish property portfolio valued at £300m, and the Bible House venture marks its expansion abroad.

Letting agents are Jones Lang Wootton and Sinclair Goldsmith, respectively the advisers of the Bible Society and Speyhawk. Reinhold was advised by Hillier Parker.

County and District Properties, through Strutt and Parker, are spending £4m to acquire the freehold of the prime 138-142 Strand site in central London from an unnamed state body, advised by Hillier Parker. There is planning consent for 40,000 sq ft of offices and two shops.

The Church Commissioners, owners of the Tower Ramparts shopping centre in Ipswich, opening next month, have withdrawn from the agreement to let 75,000 sq ft to the House of Fraser, because of uncertainty about the store's intentions. Chesterton Lalonde announced.

## NEW TOWNS

### Land disposals programme gathers pace

OVER THE next eight years, the Commission for the New Towns (CNT) will sell about £1bn worth of commerce property. Over the last seven years it has sold about £500m worth.

The sales programme is an unsung part of the Government's privatisation policy, involving the disposal of assets accumulated as, since World War II, new towns have developed. During the current financial year, Mr Nigel Lawson, the Chancellor of the Exchequer, is expecting CNT to contribute at least £120m to central government funds from property sales.

"At the end of the year, all the money goes over. We're not allowed to keep a black bag," said Sir Neil Shields, the CNT chairman.

A further facet of this privatisation policy is the activity of the London Residuary Body (LRB) set up to dispose of the property assets of the Greater London Council. The LRB is still trying to find out exactly what it has in its portfolio, but there are at least 6,000 properties scattered across London. The first sales this year should realise £30m.

But there is no windfall here for the national exchequer. LRB sales proceeds will be distributed, by an as yet unspecified formula, to the London boroughs.

What the CNT and LRB have in common, however, is a desire

not to upset the market. Both are looking for full commercial values. But it is the CNT which has the sales experience.

Although the CNT was set up as long ago as 1962 to take over the assets of new towns from the individual development corporations which had supervised their initial growth, the present sales programme gathered momentum only after the Thatcher Government came to power in 1979.

"Mrs Thatcher was determined," Sir Neil recalled. "She said the new towns are costing money, but they've got a lot of assets. If you want further money for the new towns, find it from your own resources. Instead of just managing, enhancing the assets you should sell as well."

The CNT, though, his discretion about the timing of its sales. They take place, as Sir Neil put it, "when we consider it expedient. If the instructions were made more precise, we would have to go bell-for-leather in Skelmersdale, just like Crawley. We'd have to give the stuff away."

Certainly the new towns are a very mixed bag, at least in the context of property sales. Under the CNT control now are the London ring towns—Basildon, Bracknell, Crawley, Harlow, Hatfield, Hemel Hempstead, Stevenage and Welwyn Garden City—plus Central Lancashire, Corby, Northampton, Redditch and Selmersdale.

Sooner or later Aycliffe, Peterlee and Washington, all in the north east, will come into the CNT ambit and probably later on Milton Keynes, Peterborough, Telford and Warrington. They will add to the CNT portfolio of potential disposals.

The market is absorbing the CNT sales in the ring towns. "But we have to phase it," Sir Neil said. Crawley has been easy and Harlow is picking up because of the M25. But the response in the north is not so willing—the London institutions are showing little interest.

In some cases, CNT has had to spend first to sell later—in Corby, Redditch, Stevenage and especially Skelmersdale where no sales are expected for five years. The aim is to improve properties to make them sellable. "But CNT is not a benevolent uncle giving money away. Anything to assist the disposal of assets is fine," Sir Neil said.

The nature of the sales has mirrored the current preoccupations of the property investors. Retail sites and centres have been in high demand. Location has been the key factor for offices. Sales of industrial estates, rather than individual sites, has been steady but not exciting.

First options on sales have been given to existing tenants—Kodak and BP have been among buyers. And some 70 per cent

of disposals have been made this way. Here, prices have been negotiated between the tenant and a property where the tenant is probably paying a falsely low rent and what the value would be if the property came with vacant possession.

Of the £1bn worth of properties currently available for disposal, Sir Neil calculated that a portion of £200m results from this marriage value, this technique of negotiation.

For the freehold of its major office holdings, the LRB is adopting the same tactics. Land Securities, LRB said, had already taken the freehold of the Elephant and Castle shopping centre in south London. And there are more big properties to come: Centrepoint in central London, the Shell Centre on the south bank of the Thames, St Katherine's Dock just to the east of the City of London boundary.

That leaves aside County Hall for which Richard Ellis, the agents, has already mounted a publicity campaign resulting in some 200 enquiries, of which 50 can be considered serious. County Hall, opposite the Houses of Parliament and on the bank of the Thames, is likely to net the LRB at least £100m, depending on the use to which it might ultimately be put. But that depends on planning permissions which, if granted, would come in the teeth of Labour opposition.

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THE ARTS

Arts Week

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Theatre

NEW YORK

Cats (Winter Garden): Still a sellout. Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically false, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 8282).

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Les Liaisons Dangereuses is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffraff. (330 8111, CC 836 1171).

CHICAGO

Woman in Mind (Vanderbilt): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visiting on her own garden lawn by an imaginary ideal family. Blank but funny, hailed in some quarters as a new feminist drama; is not put off by that. (836 9877/5845).

WEST GERMANY

Berlin, Deutsche Oper: Tosca, sung in Italian, stars Raina Kabayanska, Cornelia Marquardt and Yoko Numura. Also Heinrich Hollfelder conducting Die Walküre and Das Rheingold in Götz Friedrich's productions with Diane Curry, Lucy Peacock, Martti Salminen and Peter Hofmann. Lucia di Lammermoor and Katja Kabanova round off the week.

PARIS

Music and dance from Ball at the Théâtre de Paris (4278 1954). Don Carlos alternates with Prokofiev's Cinderella transposed by Nureyev into the Hollywood world of producers and stars. The modern version of Cinderella is danced by Sylvie Guillem, Claude de Volpina, the Princess by Charles Jude/Laurent Hilaire, the Stepmother/producer by Michael Denard/Rodolphe Nureyev/Patrick Bart. Paris Opéra (4266 5022).

LONDON

Sadler's Wells, Rosebery Avenue: Peeking Opera (278 6916). Royal Opera House, Covent Garden: Royal Ballet triple bill followed by The Sleeping Beauty. (240 1068).

VIENNA

Staatsoper: Simon Boccanegra conducted by Abbado with Zampieri, Gonda, Bruson, Raimondi; Tosca conducted by Buckley with Trubetskaja, Aragall; Un Ballo in Maschera conducted by Abbado with M. Price, Pavarotti, Cappuccilli; Elektra conducted by Leitzner with Ludwig, Martin, Reppel. (51 444/26 53).

SPAIN

Madrid autumn festival presents Spanish Contemporary Ballet Co. Carmen. Music by Bizet, George Cross, J. M. Jurat and Chick Corea. Teatro Monumental, Atocha 65. (227 1214).

ITALY

Rome: Teatro Brancaccio (944, Via Merulana): The Teatro dell'Opera opens its winter season at its overflow theatre with two ballets: I Pini di Roma by Robert North to Respighi's symphonic poem, and La Boutique Fantasme, with choreography by Loris Accardi, based on that of his father, Leonide, for Diaghilev's Ballets Russes. (46 17 55).

WASHINGTON

Washington Opera (Opera House): The first week of the season features Mistislav Hrotoproch conducting Rimsky-Korsakov's The Czar's Bride, directed by Galina Vishnevskaya with Elizabeth Knighton, Cleopatra Carca, and Ivan Kozlovskiy, and Wolf-Dieter Ludwig's new production of Il Trovatore conducted by Daniel Oren with Susana Dunn and Franco Bonisolli. Kennedy Center (254 3770).

CHICAGO

Lyris Opera: Handel's Orlando joins the repertory in John Copley's production with James Anderson, Marilyn Horne and Jeffrey Gail. Christof Perick conducts Peter Luigi Pizzi's production of Parsifal with Tadashi Suzuki, Hans Sotin, and Hans Sotin. (332 2244).

TOKYO

Folkloric Dance and music from Okinawa. This group of islands south of Japan with a different history and culture from the mainland has only in the last century become part of Japan. National Theatre. (Tour) (265 7411).

Music

LONDON

English Chamber Orchestra conducted by Philip Ledger with Jose Luis Garcia, violin and Steven de Groote, piano. Handel, Mozart, Bach, Vivaldi. Royal Festival Hall (Mon). (226 3191).

PARIS

United Vilayat Khan, Master of the Sitar: classical music from the North of India (Mon). Opera-Comique (4681 0109).

VIENNA

Vienna Philharmonic (Avery Fisher Hall): Zubin Mehta, conducting. Sherrill Milnes baritone, Crane Cerantola Chorus directed by Brock Mecklenburg. W. Schumann, Schubert (Thur), Lincoln Center (874 2424).

WASHINGTON

National Symphony (Concert Hall): Rudolf Frühlbeck de Burgos conducting. Narciso Yepes guitar. R. Strauss, Rodrigo, Falla (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Lorin Maazel conducting. Hindemith, Mahler (Tue); Berlioz, Stravinsky, R. Strauss (Thur). (432 6111).

TOKYO

Kazuo Kikuchi (soprano) and Anthony Rooley (lute) in concert of English music: The English Orpheus - selection of composers from Dowland to Purcell. Ichibashi Memorial Hall (Tue). (637 8929, 365 0181; 371 8562).

SPAIN

Madrid, Monday midday concert with J. Sanmartin (lute) and Jaime Torrent (guitar). Escobar, Vargas, Telemann and Gluck. Piano duos: Richter and Rachmaninov, Liszt and Stravinsky (Wed). Fundación March, Castello 77, free entrance.

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Continued on Page 19

THE ARTS

Endymion Ensemble/St. John's, Smith Square

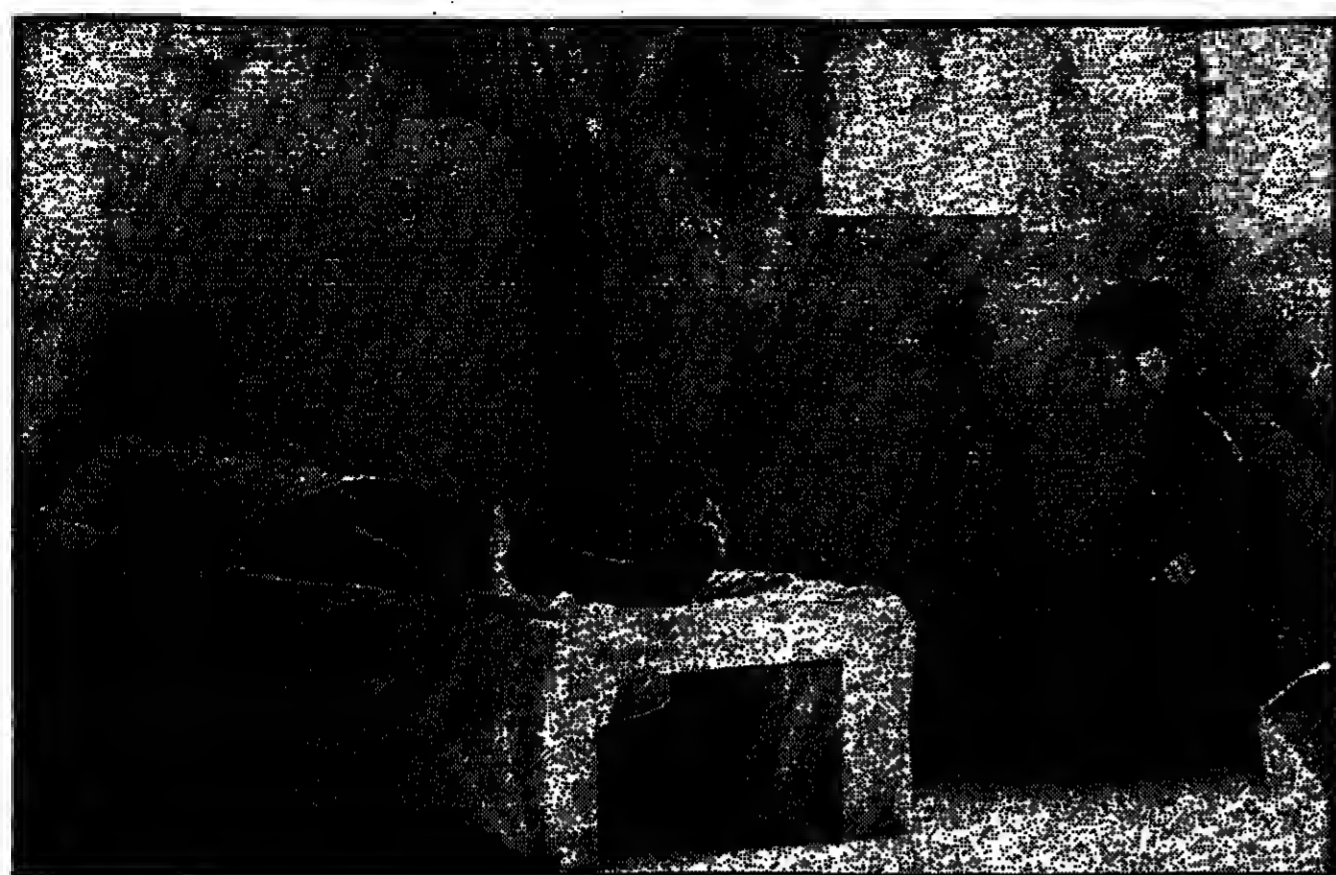
Max Loppert

Even after all the Tippet concerts that London has heard in recent weeks, there is always room for another—that is, if the programme is as attractive a compilation as Wednesday's by the Endymion...

and Phaedra (on Rinaldo, translated Lowell) stand like two peaks in the noble Britten compositional range, the first a brilliant mixture of epigrammatic irony and sensuality...

diminution in the usual pungency of Miss Gomez's sung French may in fact be explained by the St John's reverberance. Some things came off beautifully—the agility of the voice permitted some fleetly turned decorations...

glittering, firm of line, shaped and graded to extract the work's fullest dramatic power. Miss Palmer is in complete command of the scene (her previous London performance of it, also with the Endymion, all that now remains to be mastered is the correct pronunciation of the names Phaedra and Medea...



Robert De Niro and Jeremy Irons in "The Mission"

Cinema/Nigel Andrews

The Mission's impossible

The Mission directed by Roland Joffe Parting Glances directed by Bill Sherwood Legal Eagles directed by Ivan Reitman Latino directed by Haskell Wexler

What does one say about a work in progress that does not make progress? Back in May The Mission was entered at Cannes in a confessedly interim state...

shoulders or the limp fall of his head. Parting Glances is a tale of yuppie love in the Manhattan gay set...

Anyone seeing Legal Eagles straight after this will think he has caught a nasty dose of déjã vu. None of the main characters is gay in the film...

The work in progress is now a final work, and the review in progress must be final too. Alas, the new Mission is no better than the old one. It would take a super-sleuth to identify the changes at all...

The mission and its member Indians are presented in increasingly banal Edenic form: all smiles, hard work and healthy teeth...

Or watch on. This is the kind of movie that sounds in summary like the leavings from a soap opera. But writer-director Bill Sherwood gives the film a wit and buoyancy that rises it high above the detergent level...

Yes, they will. But without any great assistance, I fear, from the writers (Jack Cash and Jim Epps Jr of Top Gun) or the director (Ivan Reitman of Ghostbusters)...

Roland Joffe and Chris Menzies, director-cameraman duo of The Killing Fields, make something magnificent of De Niro's passionate Bolit...

The Mission could, and should, have been a great epic tragedy. It has three performances that would worthily fit in one...

But if guyness is mined for the odd bizarre or brittle cameo, it is never exploited for paths or sexual agitprop. Even the dying Nick, an experiential artist, still patrols his room before a bank of TV screens...

Elsewhere this week we have Latino, a hectoring if technically well-crafted agit-film by cameraman-director Haskell Wexler...

Continued from Page 18

Exhibitions

ITALY

Venice Palazzo Ducale: China. In Venice, the Han Dynasty to Marco Polo (25-1270 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum...

PARIS

Francis Bacon: the 85 paintings and 25 drawings of his first major retrospective re-created the past world he peopled with voluptuous goddesses and Shepherds...

VIENNA

Dian - a submerged kingdom of China: According to the organisers this is the first exhibition in the west of Dian Kingdom, which existed more than 2,000 years ago in south-west China...

NEW YORK

Bravo Carnegie Hall: White Corroge Hall is being renovated, the exhibition space of the Performing Arts Library at Lincoln Center honours the venerable venue with original architectural drawings and cutaway models...

LONDON

The Royal Academy: Je Suis le Caidier - the Sketchbooks of Picasso. It is an artist's sketchbooks and notebooks, even more than in his drawings, that he demonstrates the true nature of his ideas...

WEST GERMANY

Essen: Villa Hugel. The chairman of Krupp, Dr Bernhard Hugel, who is also head of the private Ruhr cultural institute, was the moving force behind this exhibition...

NETHERLANDS

Den Bosch, Noordbrabantse Museum. Some of the finest Dutch Old Master drawings from the Leiden Primus room are touring Europe...

SPAIN

Madrid: Pablo Picasso in Madrid. 48 oil paintings, seven sculptures and 5 drawings on loan by painter's widow

Banged Up/Young Vic Studio

Michael Coveney

With Vanessa Redgrave pecking them in for Ghosts in the main house and this nifty Foco Novo presentation of two very different plays in the studio, the Young Vic is suddenly herself again...

Banged Up, as the title implies, deals in various states of imprisonment. In Soul Night, an East End couple, who have not seen each other for 12 years...

because of his social promiscuity on the dance floor. In comes the long lost Madeleine, the girl he once instructed in the finer points of funky mick...



Trevor Laird and Tilly Vosburgh

Amis wins the Booker Prize

Kingsley Amis shook hands with Michael Caine, chairman of Booker, on Wednesday, with a smile of immense satisfaction as he received the 1986 Booker Prize for his novel, The Old Devils (Hutchinson, £9.95)...

The chairman of the judges, the poet and critic, Anthony Thwaite, refrained from giving the customary lecture on the state of the novel to Booker's eminent guests at the Guildhall...



Kingsley Amis

BBC Symphony/Festival Hall

Dominic Gill

Felix Mottl's contemporary orchestral arrangement of Wagner's Wesendonck Lieder is so imaginative, so stylish and so effective that most people have never bothered to consider that they were not made by the composer himself...

For Berlioz's Les francs-juges overture to begin with, and Chalkovsky's Manfred symphony to end, both the orchestra and Pritchard were one of those performances which, for no obvious reason, but rather by the workings of some mysterious alchemy, click into place from the opening bars and stay in place until the final chord...

London Contemporary Dance

There will be five London premieres including the world premiere of a new work by Siobhan Davies, during the London Contemporary Dance Theatre's season at Sadler's Wells from November 18 to December 6.

Siobhan Davies' new dance, with a specially commissioned score from Michael Nyman, will be seen in a programme which includes Robert North's Songs and Dances, Richard Alton's Rainbows, Edith, and Tom Jobe's Liquid Assets.

Saleroom/Antony Thorncroft

Sotheby's achieved its ambition yesterday and secured a six figure sum for "Le Grand Atlas" by Johannes Blaeu, the most famed mapmaker of the 17th century. The 12 volumes, published in Amsterdam in 1657, sold for £110,000 to the Amsterdam dealer de Jonge...

Christie continued to dispose of the contents of Sheringham Hall in Norfolk yesterday, getting a top lot from the morning session of £5,500 for a pair of Worcester pierced quaterfoil two handled baskets, covers and stands, of around 1770. The Wednesday sale totalled £1,194,847.

An even rarer work by Blaeu, his first atlas of 1630 of which only five other copies are known, sold for £50,000 to another Amsterdam dealer, Nieuw Israel. It includes sixty maps, some making their first appearance. This copy, the finest coloured example, had been in the Jesuit library at Fontainebleau in France.

The sea atlas of John Seller, published in 1675, with 28 maps and charts, was bought by the Pennsylvania dealer Arader for £30,800 (three times the high estimate), while Burgess/Browning in London paid £23,100 for a French 18th cen-



POLITICS TODAY

When Central Office knows best

By Malcolm Rutherford

THERE ARE some subjects which perennially stir up British politics. You could go away for 20 years, come back and still find the politicians arguing about them. They include the BBC, immigration and anything to do with official secrecy. All of them have been the focus of the Commons returned this week with the BBC at the top of the list. It has become very difficult not to feel sorry for the British Broadcasting Corporation, even if it is sometimes its own worst enemy. There it was on Tuesday having to pay damages of £20,000 each to two Tory MPs — plus around £400,000 in legal costs — after it had promised to fight the libel suit all the way through the courts. When the now famous Panorama programme "Maggie's Militant Tories" was broadcast in 1984 and the Conservative Party protested, the BBC thought that it had won even though it had seen off the then party chairman, Mr John Gummer. It underestimated the persistence of Conservative Central Office. We are now told, even by Alasdair Milne, the BBC's Director-General, who had stoutly defended the programme at the start, that the evidence on which it was based was inadequate. It has been a humiliating climbdown on the part of the Corporation. The Tory Party has not even been magnanimous in its victory. Conservative MPs have produced a motion censuring the BBC for its alleged poor standards and Central Office is about to publish a dossier claiming that the BBC showed political bias in its coverage of the American raids on Libya last April. But that is for another week. Meanwhile, back to the present and the past. Mr Milne is not going to resign. He takes the view that the "Maggie's Militant Tories" affair is really a bit of a throwback. After all, it was transmitted nearly three years ago and legal processes take a long time. He thought that if it did go to court, the BBC stood a good chance, if not of winning, at least of putting up a very good fight. He changed his mind in the summer and decided that there must be an out-of-court settlement. He did this independently and without being leaned on by the Board of Governors. He says that the main reason was that



Militant Tories." In fact — a great many lessons have been learned. The Board of Governors and the Board of Management now work much better together and will work even better under Mr Hussey. The role of the Governors will revert to one similar to that between the Monarch and the Prime Minister: to advise, to encourage and to warn. It will be very rarely necessary for it to issue instructions. Thus the BBC will issue a response to the Tory Central Office dossier on the Libyan coverage on a point-by-point basis, just as it would deal with any other complaint. Mr Milne seems remarkably confident that he can stand up to it. Then the BBC will get back to business as usual. Or at least it will if Central Office lays off, which is by no means certain. It seems to me that there are faults on both sides. The BBC insists too much on its own virtue. In its evidence to the Peacock Committee it was excessively on the defen-

sive. It prefers the status quo to the opening up of the entire broadcasting system that could come with technological change. The Government, for its part, and especially Mr Norman Tebbit, the party chairman, wants to exercise tighter control while it may. It has not apparently stopped to think of the possible consequences of greater State control if there were to be a Left-wing Labour Administration. Quite the best move for all parties concerned — politicians, broadcasters and the public — would be to recognise that the days of limited broadcasting under State regulation are coming to an end. Television could become like a library with no more regulation than the normal laws of the land like defamation and breach of copyright. The BBC has been slow to see this. Perhaps the clashes with Mr Tebbit and his fellow Tory MPs will change its mind. None of the political parties has come round to it because all of them like the idea of being able to have some say in what the BBC is doing. Yet, if there were more television channels, it really would not matter if one of them seemed anti-American. It would be just like newspapers. Nowadays most people would regard book censorship in a democracy as absurd and repressive: indeed anti-democratic. One day it should be like that with broadcasting, the sooner the better. The row over immigration has so far been relatively muted, largely because Mr Douglas Hurd, the Home Secretary, announced the new rules about visa requirements for visitors from Ghana, Nigeria, India, Pakistan and Bangladesh while the Commons was in recess. Also, when it returned on Tuesday, Mr Gerald Kaufman, the Labour shadow spokesman, made the mistake of adopting a high moral tone of indignation and speaking too long. Probably the mood of much of the country was best expressed by Mr John Stokes, the Conservative Member for Halesowen and Stourbridge, who said: "Does my Right Hon. Friend understand that his statement will be widely welcomed by all sections of opinion? Will he disregard the Opposition's protests, which are not supported outside the House and which, I believe, are not supported by many ordinary Labour voters?" That may be so, but the real weapon that should have been used against Mr Hurd was one of ridicule. Why had he acted in apparent panic? What is going to be the Government's next move against coloured visitors? When is it going to produce a coherent policy that does not look like discrimination? The system of visas is actually defensible, at least on the basis of reciprocity. I have often thought that they should be introduced as a sanction against South Africa on grounds that it is such a painstaking process getting a visa to visit the Republic. This has apparently been considered by the Foreign Office, but rejected because it would have to apply to South African blacks as well as whites and the blacks may be more worthy of getting into Britain. That would be quite a good defence against the charge that visa requirements are directed only at non-whites. The issue that has not yet come to a head, but will, is the Government's response to the fourth report of the Defence Committee on the Westland affair. The report was published just as Parliament was recessing for the summer and there was no time to debate it. It ended with the complaint that its findings might have been more complete, and perhaps even less damning, if the Government had been more helpful in letting witnesses appear. The brief response put out for the Government last week is a challenge to the role of all the Parliamentary Select Committees. It concludes: "The Government proposes to make it clear to civil servants giving evidence to Select Committees that they should not answer questions which are or appear to be directed to the conduct of themselves or of other named individual civil servants." If the Select Committees take that lying down, they might as well give up. It looks as if the Government is seeking to be more secretive than ever. That is the common thread of all three items: about broadcasting, immigration and accountability to Parliament. The Government has a tendency to try to get away with things that it ought not to and to do so by sometimes dubious methods. It needs to be knocked down a bit.

Lombard The Emminger ghost lives on

By David Marsh in Bonn

AFTER THE breakdown of efforts at the IMF to stabilise the dollar, West German economic policy-makers have picked up with a vengeance the scent of the hard currency trail. It is all the more timely therefore that this month should see publication of the memoirs of the late Dr Otmir Emminger, former president of the West German Bundesbank and for many years the country's chief monetary ambassador on the international financial circuit. Dr Emminger died in August at the age of 75 while on typically active service in Manila working as the Bonn Government's consultant on economic matters to the new Philippine Government of Mrs Corason Aquino. Luckily, he had time since his retirement from the Bundesbank at the end of 1979 to polish off a unique eye-witness chronicle of post-war West German monetary history. Dr Emminger's account, although written from a one-sided and at times downright egotistic viewpoint, adds to the store of anecdotes and analysis already traced in the work of the late Milton Gilbert of the Bank for International Settlements and Charlie Coombs of the New York Fed. But it is remarkable above all for the way it rams home the central rule that monetary policy has played in building up post-war German economic stability. A continuous German Leitmotif over three decades has been persistent refusal to accept imported inflation — first, through a consistently non-yielding interest rate policy and secondly, by periodic acceptance of D-Mark revaluations. The first area — as the US Government has rediscovered during the past few weeks over its unsuccessful efforts to press West Germany to loosen the monetary reins — is the preserve of the constitutionally-independent Bundesbank. The second falls into the domain of the Bonn Government. For the benefit especially of foreign observers who tend to assume, misguidedly, that Bonn and Frankfurt always speak with one voice, Dr Emminger's book maps out the fascinating history of conduct over the wisdom of revaluation, going back to Adenauer's time, between (and sometimes within) the central bank and the administration. Dr Emminger, peppery, pugnacious and punctilious, always was a bit of a pedant. A firm believer, unlike a lot of less self-confident central bankers, in using the press to get his message across, he had a not always beguiling habit in interviews with journalists of first correcting and refining their questions to him before replying. So it is characteristic that he takes to task former Chancellor and Finance Minister Helmut Schmidt, himself so slouch at pointing out other people's errors, for lapses of memory and of judgment over the move to floating exchange rates in 1973. Dr Emminger, while making clear his disregard for pure Anglo-Saxon-style monetarism (now again out of fashion in London and Washington) also claims an important part of the credit for persuading Paul Volcker, the chairman of the US Federal Reserve, finally to tighten up monetary policy in 1980. Mr Karl Otto Poehl, the present Bundesbank governor who was Emminger's deputy at the central bank between 1977 and 1979, gets a somewhat malicious mention chiefly for being absent on a sabbatical holiday at the height of the dollar crisis in March 1973. (An Emminger error here: Mr Poehl was in Zermatt, not in Cstaad.) Dr Emminger's central thesis is that for 30 years West Germany has been under "almost continuous pressure" to follow a more expansionary policy. "In good German, that means to join the international inflation community." This, the Federal Republic has refused to do and will go on doing so, even at a time when it is recording negative inflation rates. Anyone talking to monetary officials in Bonn and Frankfurt this past fortnight is in no doubt that the ghost of Dr Emminger is still stalking the corridors. \* D-Mark, Dollar, Westmünchens — Deutsche Werts-Anstalt, Stuttgart.

Defence of Europe

From Viscount Trenchard Sir, — Your leading article (October 21) on the defence of Europe makes interesting reading but ends on a slightly misleading note. You describe the conventional weapons advantage of the Soviet Union as "significant" as compared with the "very large" advantage in tactical nuclear weapons. Surely both adverse balances are now very large? Whether one looks at the figures of the International Institute for Strategic Studies or the Nato force comparison, the advantages in fire power on land and in the air are over two to one in all main areas. There have been changes in the conventional balance since 1978 as well as the change which you note in tactical nuclear weapons. While we may have a "quiescence" over the current Nato nuclear posture, it is not clear if deterrence fails, the true costs to the democracies of significantly altering the huge imbalance of conventional weapons must not be underestimated. Trenchard, (Chairman, Defence Information Council), House of Lords, SW1.

Letters to the Editor

prejudice. That said, I commend the TUC for bringing together trustees from all over the country to discuss these problems. Trustees, whether invited by management, union or membership, carry a heavy responsibility. The lesson emerging was that they needed to operate with the fullest possible knowledge of the circumstances. Henry L. James, 12-18 Grosvenor Gardens, SW1.

Nuclear power

From Mr L. Fletcher Sir, — May I put my point of view to readers, some of whom may have been misled by certain statements and arguments that have been thrown out about the safety of nuclear power stations. The cost of fuel for nuclear reactors is so cheap an enormous amount of energy can be expended on their capital construction, and still equate to a fossil-fuelled station. Hence, large sums can be and are spent on all aspects of safety. Safety design in a nuclear station could be likened to a car cruising at medium pace down a wet road having to avoid a car appearing suddenly from the right, a cyclist applying the brakes and a lorry jacking towards it with all the drivers being near idiots, or at least not concentrating on the job in hand. The reason for this over-design is that we have not yet the experience to design for the optimum. Because an engineer is eminent in one field it does not follow that he is an expert in another. I am a retired professional engineer who spent most of his working life on the design of nuclear reactors. I would not be so arrogant as to give an opinion on the design and running of oil rigs or chemical plants on which I have little experience. In case it is thought this makes me nuclear-biased I would say I am far more worried about the world going to war because of an energy shortage and imbalance. My knowledge of the design and operation of nuclear stations is such that I consider a "Chernobyl" disaster could not happen here. There will be minor incidents as we learn, but none of these would involve more than the local personnel, and none of sufficient magnitude to worry the population as a whole. Unlike the carnage on the roads experience will reduce these

but to automation and simpler-to-build vehicles — while making losses every year, £800m in all, plus extraordinary losses of £40m. El Rover, with habitual weakness, has bought industrial peace. Noel Falconer, BL Individual Shareholders Society, 223 Brunel Moor Lane, Hazel Grove, Stockport.

Training for management

From the Principal, London Business School Sir, — Mr B. J. Bowden (October 21) poses two concerns regarding the MBA degree, but I think that he misunderstands the UK situation. The number of overseas students, which is effectively constrained by the University Grants Committee in terms of a quota on numbers which in turn determines recurrent grant (and fees). LBS more than fills its quota each year, but also takes overseas students (who pay a full cost fee) on top. No UK places are lost through the enrolment of overseas students. Moreover, we are heavily oversubscribed for places, for both full or part-time study, and from home and overseas applicants. If the quotas and associated grant for UK students were raised, I am sure that both Mr Bowden's concerns regarding numbers would rapidly vanish. (Professor) P. Moore, Sussex Place, NW1.

Home to a Guinness

From Mr P. Dubsy Sir, — Returning to Dublin recently I noticed a new advertisement on a railway bridge site approaching the city. It read: Welcome to Dublin, the home of Guinness. Could this be a deadly earnest effort to appease London and Scotland, by coming home to the old sod? Paul Dubsy, 8, Belgrave Square, Monkstown, Co Dublin.

Good road to dig up

From Mr M. Quinlan Sir, — Mr Stevens (October 20) is right. British law should guarantee to meet in full all share applications from people living in areas which it does not supply. (Alternatively, could it please run a pipeline up to Rabley Heath — it's a very pleasant place to dig the road up and the beer in the Robin Hood is excellent.) Without gas, and having been unsuccessful in the TSB ballot, I am beginning to think that the share-owning democracy excludes me. Martin Quinlan, Honeychurch Cottage, Slip Lane, Robley Heath, Nr Welwyn, Herts.

Report from Number One Wall Street

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All of these securities have been sold. This announcement appears only as a matter of record.

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October 6, 1986

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INTL: COMPANIES and FINANCE

UAB's recovery hopes hampered

**BITTER PUBLIC** recriminations between the board of United Asian Bank (UAB), Malaysia's sixth largest local bank, and its former chief executive have served to highlight its parlous state and could hamper efforts towards recovery. It is one illustration of the strains now evident in the Malaysian banking sector. UAB suffered accumulated net losses of 111m ringgit (US\$42.8m) for the two years to 1985. It is now seeking a two-for-one rights issue to raise 152m ringgit in order to restore its capital adequacy ratio demanded by the Malaysian authorities.

But shareholders' response is so poor that the bank will probably come under the control of Bank Negara, the central bank, which is underwriting the issue. Three nationalised Indian banks—Indian Overseas Bank, United Commercial Bank and Indian Bank—own 53 per cent of UAB's equity, and are not expected to come up with the 51m ringgit for their rights entitlement.

In the latest controversy, Dato Ismail Bin Dato Abdullah, UAB's former chief executive, has publicly accused the present bank board of not safeguarding shareholders' interests.

Dato Ismail, who resigned in March after heading the bank for 34 years, said he was being made a scapegoat for the bank's problems.

Specifically, he claimed that: ● The bank's losses and its huge portfolio of non-performing loans were incurred before

his time when UAB was under the control of the three Indian "promoter" banks. Many loans were given to Indian-Malaysian joint ventures during the 1970s, and most of these ventures have since folded after incurring deficits. ● He took steps to set UAB on a sound footing, including recommending that the bank move into other financial services, but his proposals were often overruled by certain directors. ● Companies in which certain

The board said Mr Khoo's appointment was "in the nature of a public service for which he has not received and will not receive any payment."

Price Waterhouse was a firm highly experienced in the banking industry "and with or without Mr Khoo would have been a prime candidate for appointment" as consultants. The UAB board statement also disputed Ismail's claim that Dato Ismail had worked hard to recover the bad loans, adding the record did not show this.

UAB was set up in 1973 through the merger of the Malaysian branches of the three Indian "promoter" banks which were nationalised by the New Delhi Government. Malaysian law does not allow foreign government-controlled banks to hold majority stakes in local banks.

In 1983, Malika Holdings, the investment arm of the Malaysian Indian Congress, a junior partner in the Malaysian Government, approached the Indian banks to buy their holdings. No price could be agreed, although Malika has since purchased about 10 per cent of UAB in the market.

If the Indian banks do not take up their rights—now extended by another month to November 15—their equity would be diluted to only 11 per cent in an enlarged paid-up capital of 226m shares of one ringgit each. Net tangible asset will be 72 cents per share after the rights.

Malika and the "promoter" banks would want UAB to remain an institution servicing the 1.5m-strong Malaysian Indian community, but it is almost certain the bank would have to be more "Malaysian" in outlook to survive.

Bank Negara was given powers to hold shares in all banks last October. It is the intention of the central bank to nurse ailing banks back to profitability, and later dispose of its holdings to new shareholders who it feels have the expertise and finance to manage the banks.

Wong Sulong on problems facing Malaysia's sixth largest bank

directors are alleged to have an interest had obtained large loans from the bank, in possible contravention of banking laws. ● The appointment to the UAB board of Mr Khoo Eng Choo, a senior partner of Price Waterhouse, the accounting firm, followed by the appointment of Price Waterhouse as management consultants was not desirable. Although Mr Khoo is only a part-time director, he is in effect running the bank after Dato Ismail's resignation. The UAB board has made a lengthy rebuttal of Dato Ismail's allegations. It said his tenure as chief executive had been unsatisfactory, and "his resignation was tendered as an alternative to a less flattering exit from the services of the bank."

Bankers say the public quarrel between Dato Ismail and the UAB board could further erode public confidence in the banking industry, which has been subject to numerous runs in recent months, and divert attention from efforts to save the bank. An internal study last year disclosed that the bank has more than 500m ringgit in non-performing loans, out of total loans and advances of 1.79bn ringgit. Banking officials say the amount is now much higher because of the recession which the country has entered. The bank is not expected to be profitable for at least two to three years, and its aim of getting a public listing (its shares are now unofficially traded) remains a distant prospect.

Fanuc's sales and profits dip in first half

**By Our Tokyo Staff**  
FANUC, the world's largest maker of machine tool control systems, suffered a 39.6 per cent fall in pre-tax profits to ¥19.15bn (\$122.8m) in the first half to September, as lower sales were exacerbated by heavier depreciation costs for its plant and equipment investment.

Net profits fell 29 per cent to ¥10.51bn, on turnover of ¥66.36bn, down 24.6 per cent. The weaker sales reflected sluggish capital investment by manufacturers and a higher level of inventories at machine tool makers.

Sales of industrial robots were halved owing mainly to a cut in capital investment by General Motors, Fanuc's partner in the US. Its dollar-denominated export contract with GM, Fanuc said, is hard by the yen's appreciation.

Full-year pre-tax profits are projected at ¥33.85bn, down 43 per cent, with net profits of ¥17.51bn, down 37 per cent, on sales of ¥126.56bn.

Hitachi down 55% at halfway

**BY YOKO SHIBATA IN TOKYO**  
HITACHI, the Japanese electronics maker, yesterday reported a larger than expected setback in the first half to September with pre-tax profits down 55 per cent to ¥45.64bn (\$292.5m). Net profits declined 47 per cent to ¥26.54bn, on turnover which at ¥1,494.24bn, was down 5 per cent.

The poor performance was blamed on negative effects from the yen's steep appreciation on Hitachi exports, and slow sales

of consumer electronic products and semiconductors. During the half year, total orders received fell 2 per cent to ¥1,487.5bn, affected by the fall in export orders, in particular for semiconductors. An exchange loss of ¥32bn was attributed to the yen's appreciation. For the year as a whole, Hitachi foresees a much improved export climate, but weakening domestic demand. The company is expected to incur an exchange loss of ¥90bn for the full year, for which pre-tax profits are projected at ¥92bn, down 42 per cent, with net profits of ¥64bn, a drop of 27 per cent. Turnover is expected to emerge at ¥2,500bn some 3 per cent below the previous year. Capital outlay for plant and equipment will fall 40 per cent to ¥100bn, but Hitachi is to increase its research and development budget to ¥225bn to ensure long-term growth.

Four banks sue Abdullah Fouad

**BY MICHAEL FIELD IN KUWAIT**  
FOUR BANKS in Bahrain have filed suits against Mr Abdullah Fouad, a well-known Saudi Arabian businessman, claiming repayment of loans of \$68m. The banks, which are suing independently, are Standard Chartered, Citibank, Bank of America, and Bank of Bahrain and Kuwait.

Their action is unusual: it marks one of the first occasions on which banks have used a major Saudi name, and it runs

against the previously accepted wisdom that litigation in the Arabian oil states is too time-consuming and unrewarding to be worth the effort. The banks say Mr Fouad has been paying neither principal nor interest for most of this year, and they are suing because they have not had what they consider to be proper discussions with him on rescheduling debt. The suit has been filed in Bahrain because the defendant is known to have property there. Mr Fouad has a highly diversified business in the Saudi Eastern Province which has developed from work he did for the Arabian American Oil Company (Aramco) after the Second World War. The Fouad group's total indebtedness to banks in Saudi Arabia and abroad is put at more than \$100m.

Hang Lung stake placed

**By Our Financial Staff**  
A STAKE of some 8.75 per cent in Hang Lung Development, a Hong Kong property company, has been sold in London and New York markets in a placing worth some HK\$447.5m (US\$57.6m).

The trust associated with Mr Ronald Chan, a Hang Lung executive director, was said by brokers to have been the seller of the 50m shares, placed equally through the two markets. The price was HK\$8.66 ex-dividend, against a closing market level yesterday of HK\$9.50.

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The Rorento Semi-Annual Report for the six months to 31st August is now available - an authoritative commentary on the worldwide investment climate. The Report explains the strategy behind the actively managed portfolio, lists all holdings and gives key development and performance figures. Rorento, with assets now totalling over £1 billion, invests globally in fixed-interest securities. The income is re-invested and reflected in the value per share.

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In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the six months 24th October, 1986 to 24th April, 1987 has been fixed at 6 1/8% per cent per annum and that the coupon amount payable on coupon no. 8 due on 24th April, 1987 will be U.S. \$3,191.32

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October 24, 1986, London  
by: Citibank N.A. (CSI Dept.), Agent Bank **CITIBANK**

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(Incorporated in the Kingdom of Sweden with limited liability)

**U.S. \$75,000,000**  
Euro-Commercial Paper Programme

The undersigned are pleased to announce the commencement of the Programme for which they will act as Dealers

**Enskilda Securities**  
Skandinaviska Enskilda Limited

**Chase Investment Bank**

Issuing and Paying Agent  
**The Chase Manhattan Bank, N.A.**

October, 1986



# INTL. COMPANIES AND MARKETS

## Armco clouded by special items

By Roderick Oram in New York

ARMCO, the fifth largest US steelmaker, has reported a further deterioration in performance with a net third-quarter loss, including special items, of \$59m, or 30 cents a share, against a net profit of \$78.2m, or \$1.12 a year earlier. Sales fell to \$633.2m from \$727.8m.

The net loss for the ailing group in the nine months ended September was \$506.6m or \$7.53 a share compared with net profits of \$28.2m or 30 cents a year earlier. Sales were \$1.97bn against \$2.27bn.

Results for both years were clouded by special items concerning Armco's restructuring efforts. With these stripped away, the company reported an operating loss of \$12.3m in the latest quarter against an operating profit of \$29m a year earlier. The year-to-date operating profit was \$6.7m against \$53.4m a year earlier.

Steel shipments in the three months ended September fell to 997,000 tons from 1.1m tons a year earlier, bringing year-to-date shipments to 3.13m against 3.35m.

Plant use slipped to 67 per cent in the quarter from 76 per cent a year earlier and to 80 per cent year-to-date from 83 per cent.

Special items in the latest quarter include a \$21m charge for the group's insurance companies, mainly for increased loss reserves, and a \$5.8m loss on the sale of Armco's interest in a Canadian joint venture.

A year ago extraordinary gains totalling \$184.8m from the disposal of assets or income from discontinued operations were largely offset by the \$110m cost of closing a steel plant.

The loss for the first nine months this year included \$481.7m of extraordinary charges from the closure or disposal of assets.

## Nokia 62% ahead after eight months

By Our Helsinki Correspondent

NOKIA, Finland's leading private sector group with interests in electronics, paper and rubber, has increased sales by 9 per cent for the first eight months of 1986 and registered a steep rise in profits.

Net sales reached FM 7,080m (\$1.45bn), while the group profit after net financial income rose 62 per cent to FM 182m.

Electronics, which account for 40 per cent of total sales, pushed up turnover for the period by 16 per cent to FM 2.88bn, whereas paper and chemical industry sales were down 5 per cent at FM 1.54bn. Engineering sales rose 5 per cent to FM 1.77bn.

According to Mr Kari Kairamo, Nokia's president, the group's sales were hampered by unexpectedly low increases in overall output and prices, as well as strikes.

Despite the substantial increase in profit for the period, he expects net profits for 1986 as a whole to remain at the same level as last year (FM 552m) due to the cloudy economic outlook for Finland.

## Hughes Tool accepts Baker International bid

BY WILLIAM HALL IN NEW YORK

BAKER International, a leading US oilfield services company, is paying \$450m to take over Hughes Tool, the world's biggest maker of drill bits and the foundation of the legendary fortune of the eccentric Mr Howard Hughes.

The move marks a major consolidation of the depressed international oilfield services industry which has been hit by the fall in oil prices during the past 12 months. Houston-based Hughes Tool lost \$507m in the first nine months of 1986, and yesterday announced that it was omitting its much-reduced dividend, Baker International, which has also slashed its dividend, lost in the first three quarters of its current financial year.

The move marks a major consolidation of the depressed international oilfield services industry which has been hit by the fall in oil prices during the past 12 months. Houston-based Hughes Tool lost \$507m in the first nine months of 1986, and yesterday announced that it was omitting its much-reduced dividend, Baker International, which has also slashed its dividend, lost in the first three quarters of its current financial year.

## Amoco takes \$162m charge in wake of lower oil prices

BY OUR NEW YORK STAFF

AMOCO, one of the biggest and most successful US oil majors, has responded to the recent sharp drop in world oil prices by charging \$162m to cover the fall in value of some of its oil properties.

Oil companies such as Texaco and Standard Oil have written down the value of some of their oil properties in the past. However, until recently, most US oil majors resisted making sizeable provisions because of the uncertainty over oil prices and the belief that prices would recover in the near term.

Yesterday's action by Amoco, however, could signal the start of a wave of write-offs by US oil majors to adjust their balance sheets to depressed oil prices. Mr Richard Morrow, Amoco's chief executive, said yesterday that the special charge, in addition to normal improved property amortisation expenses, followed reassessment of the company's unproved acreage holdings in the light of changed economic conditions and outlook. Disappointing exploratory drilling results in certain high-cost areas were also a factor.

drilling rigs drop from a peak of 4,350 at the end of 1981 to less than 700.

Hughes Tool gave no reason for the decision to accept the Baker International offer. However, Mr Ronald Turner of Baker International said that the combination of the two groups was a major move towards consolidating capacity and would create a company which would rank third in size behind Schlumberger and Halliburton.

Under the deal Baker and Hughes have agreed to combine the two companies under a new holding company Baker Hughes which will be based in Houston. Each outstanding share of Hughes common stock will be converted into 0.8 shares of Baker Hughes common stock and each share of Baker stock will be converted into one share of the new holding company.

Mr E. Hvak, 60-year-old chairman of Baker International, will become chairman of the board and Hughes Tool's chairman, Mr W. A.

Kistler, will become vice chairman. Mr J. D. Woods, aged 55, the president of Baker International, will become president and chief executive of Baker Hughes.

In a move to thwart unsolicited bids from third parties, Hughes and Baker have granted each other an option at market value to buy 10.5 per cent of the other's outstanding stock, has agreed to vote in favour of the consolidation.

Standard and Poor's the US credit rating agency, said yesterday that although the merger increased Baker's exposure to depressed oil services markets, the combined entity would hold dominant positions in several product areas, and would be in a strong competitive position in the smaller oil service industry that will emerge after the current shake-out.

"Weak and volatile oil prices are expected to keep the market for oil services and equipment soft for the next few years," according to Standard and Poor's.

The company yesterday reported that it had earned \$175m, or 68 cents a share in its third quarter before a one-time special charge of \$162m to recognise impairment of unproved properties. After the charge, the company earned \$13m, or 5 cents a share, in its latest quarter. A year ago it earned \$490m, or \$1.67 a share.

Amoco's revenues fell 38 per cent to \$4.5bn in the latest three months. Nine month revenues were 28.5 per cent down at \$15.4bn and net income has dropped by \$981m to \$582m, or \$2.26 a share.

Leaving aside the special charge, the latest drop in earnings reflects the effects of sharply lower crude oil prices, reduced foreign oil production and lower domestic natural gas revenues. The group's refining and marketing operations increased their contribution by \$31m to \$133m and chemical earnings rose \$9m to \$43m.

Excluding the special charge, US exploration and production operations reported a \$32m loss in the third quarter compared with a \$218m profit last year. The decline

was mainly due to lower crude oil prices and natural gas revenues.

Amoco's daily production of oil and natural gas liquids in the third quarter fell 45,000 barrels a day to 790,000 barrels a day and capital spending has been cut by 63 per cent to \$502m.

Phillips Petroleum, the large integrated US oil and gas group, lifted net profit to \$113m, or 47 cents a share, from \$93m, or 38 cents. This took the nine-month total to \$330m, or \$1.08, up from \$323m, or \$1.06. Revenue for the quarter was down at \$2.2bn, from \$3.9bn, bringing the total so far this year to \$7.65bn, compared with \$11.89bn last year.

Amerasia Hess, the US oil group, lifted third-quarter net income to \$41.9m or 49 cents from \$36.4m or 43 cents despite a fall in revenue to \$780m from \$1.1bn.

For the nine months, however, there was a net loss of \$277.8m or \$3.29 a share, against a profit of \$105.5m or \$1.26 because of an undisclosed but substantial inventory write-down.

## Flat earnings at General Dynamics

BY DAVID BLACKWELL IN NEW YORK

GENERAL DYNAMICS, the leading US defence contractor with products including F-16 fighter aircraft and Tomahawk cruise missiles, has reported flat third-quarter earnings of \$100m, or \$2.34 a share.

Revenues were ahead at \$2.3bn for the quarter, against \$2bn, and at the nine-month stage they advanced to \$8.7bn from \$8.9bn. Earnings for the nine months retreated to \$273.6m, or \$6.41 a share, at the net level, from \$292.9m or \$6.92 last year. The 1985 figures included \$10.8m from discontinued operations.

Mr Stanley Pace, chairman and chief executive, said that group operating earnings increased over the nine-month period, but the net declined because of interest costs.

Under the new US tax reforms, net earnings for the three and nine month periods will be reduced by \$3.6m and \$9.5m, respectively. The impact will be reflected in the fourth-quarter results.

Mr Pace said the seasonal upturn in the general aviation industry had improved the third quarter for Cessna Aircraft compared with the first half year. The company was con-

tinuing to take strong cost-cutting measures to cope with the prolonged recession in the light aircraft market.

At the end of the quarter General Dynamics had a funded backlog of orders worth \$16.88bn, up from \$15.3bn last year.

During the quarter the US Air Force awarded the Fort Worth division a \$4.2bn four-year contract for 720 advanced F-16C/D aircraft. The group added that the land systems division had significantly increased production of the M1A1 battle tank in the quarter.

These securities having been sold, this announcement appears as a matter of record only.

New Issue



## International Thomson Organisation Limited

### C \$ 150,000,000

\$ 1.85 Cumulative Redeemable Retractable Preference Shares, Series I

Price: C \$25.00 per share

These securities were purchased by the undersigned and have been privately placed.

McLeod Young Weir Limited

Wood Gundy Inc.

October 15, 1986



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by COUNTY LIMITED

on behalf of Peterborough Traders Ltd. a wholly-owned subsidiary of

## APEX GROUP LIMITED

to acquire up to 23,422,879 ordinary shares in

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SHAREHOLDERS ARE REMINDED THAT FORMS OF TENDER MUST BE RETURNED BY 12 NOON ON MONDAY, 27 OCTOBER 1986

Copies of the Tender Offer document and Form of Tender, upon the terms of which alone tenders will be accepted, may be obtained from:

County Limited  
Drapers Gardens  
12 Throgmorton Avenue  
London EC2P 2ES

or by telephoning 01 638 6000 (extension 8610) during office hours.

This advertisement is issued by County Limited acting as agent for NatWest Investment Bank Limited.

U.S. \$200,000,000



## The Kingdom of Belgium

Floating Rate Notes Due October, 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 24th October, 1986 to 24th April, 1987 the Rate of Interest on the Notes will be 5 1/8% per annum. The interest payable on the relevant Interest Payment Date, 24th April, 1987 will be U.S. \$7,504.34 per U.S. \$250,000 Note.

Agent Bank:

Morgan Guaranty Trust Company of New York  
London

## Notice of Redemption



## THE KINGDOM OF SPAIN

\$500,000,000

Floating Rate Notes due 1999

NOTICE IS HEREBY GIVEN that, pursuant to Condition 5 (b) of the Notes, The Kingdom of Spain (the "Kingdom") has elected to redeem on November 28, 1986 (the "Redemption Date") all of its outstanding Floating Rate Notes due 1999 (the "Notes") at par. On and after the Redemption Date, interest on the Notes will cease to accrue and unmatured Coupons will become void.

The Notes should be presented and surrendered to the Paying Agents as shown on the Notes on the Redemption Date with all interest coupons maturing subsequent to the said date.

The amount outstanding prior to November 28, 1986 is US\$350,000,000.

The Kingdom of Spain

October 24, 1986, London

By Citibank, N.A. (CSSI Dept.), Fiscal Agent CITIBANK

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Italy and the International Economy

ROME, 10 & 11 November 1986

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NEW ISSUE

This announcement appears as a matter of record only.

October, 1986



## Generale Bank

(Incorporated with limited liability in Belgium)

U.S. Dollars 50,000,000

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Issued on a Subordinated Basis

Issue Price: 100 per cent.

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Bank of Tokyo International Limited

Banque Générale du Luxembourg S.A.

Christiania Bank (UK) Limited

Generale Bank

Mitsubishi Trust International Limited

Nomura International Limited

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Sumitomo Trust International Limited

Svenska Handelsbanken PLC

Yamaichi International (Europe) Limited

# INTERNATIONAL CAPITAL MARKETS and COMPANIES

## Futures exchange puts Sydney firmly on world financial map

Haig Simonian reports on the background to the opening of the US Treasury bond link between SFE and Liffe

WHEN Mr Les Hosking, the genial chief executive of Sydney Futures Exchange (SFE) and his colleagues have visited Chicago in the past year, they have received a more polite reception than representatives of a small and distant market might once have expected.

The extraordinary growth which has put the SFE firmly on the financial map in Australia in the past couple of years is beginning to spill over internationally.

Active trumpet blowing by Mr Hosking and Mr David Rutledge, the exchange's deputy chairman, has helped. Yet it is principally the exchange's domestic market which has given it the credibility to launch more ambitious international ventures, like yesterday's US Treasury bond link with the London International Financial Futures Exchange (Liffe).

The SFE's transition from a pure commodities exchange—it was somewhat inelegantly known until 1982, as the Sydney Greasy Wool Futures Exchange—is not unusual. Where Sydney has scored is in the degree to which it has, with a mixture of luck and judgment, caught

the wind of financial futures and deregulation in Australia. Not long ago exchange controls prevented Australian residents from holding speculative positions on offshore exchanges and likewise foreigners in Australia. Since then the SFE has grown considerably to trade a daily average of 18,000 to 20,000 contracts and a one-day record of 58,000.

Last year, the exchange's top three contracts (10-year Australian Treasury bonds, 90-day bank accepted bills and the All Ordinaries share price index, dating from 1984, 1979 and 1981 respectively) accounted for 85 per cent of its total futures and options business.

Together, the three financial futures options helped the SFE more than double 1985 turnover to 1,244m contracts. By the end of September this year, that figure had reached 2.5m and the exchange is well placed to exceed its annual total of 3.3m contracts by year-end, according to Mr John Oliver, its chairman.

The exchange has done much by way of self-help to increase its liquidity. It moved in July 1984 from a fixed to a negotiable commission system bringing down average rates for wholesale users from \$800 per buy-and-sell order to around \$250-A\$50. It has also endeavoured to reduce clearing and exchange fees.

Local membership was also introduced in 1984. Today there are 70 local traders and the number is rising, but they still account for only about 10 per cent of the exchange's membership, against 20 per cent at Liffe and up to 50 per cent on some US exchanges.

Increased liquidity on a futures exchange often leads to a virtuous circle of yet more business and to a potentially

vicious one of spiralling membership fees. Success in SFE's case is given an extra twist by the acute pressure of space on its tiny trading floor. The exchange is engaged in talks to move into the old Royal Naval House which forms part of the office.

All settlements will be made in London by the International Commodities Clearing House.

Trading in Sydney opened very briskly, with 571 contracts changing hands within 20 minutes of the 9 am start.

Mr Brian Williamson, the chairman of Liffe, said: "The SFE and Liffe together will be trading this important contract for 17 hours from the close of the American market to the opening the next day."

The first link between the two exchanges will be followed by a three-month Eurodollar interest rate futures contract on October 30. Meanwhile, as part of its international expansion, the SFE will be offering investors fungible trading of the 100 treasury futures contract

to no limit to the number of traders one floor membership can embrace.

The exchange recently saw a wave of new members, notably foreign banks which came in after the Australian Government opened the door to 16 newcomers in November 1985.

On the broking side, Merrill Lynch, Shearson - Lehman Brothers and Bache are already

present, and Salomon and Goldman Sachs are due to follow. A bigger nation hangs over the Japanese houses. There are domestic regulatory difficulties but the SFE says it has received a number of inquiries.

Japanese interest is likely to be all the greater if the SFE's Eurodollar US Treasury bond and Eurodollar interest rate futures links with Liffe pay off. SFE officials reckon a potential hedge in the Asia-Pacific time zone will appeal strongly to the Japanese, who are very substantial buyers of US Government debt in the physical market.

Yet many in Sydney are not blind to the possibility that their edge in the market overnight might be eroded by a watchful one day financial futures trader to be traded at home.

The SFE is confident, however, that such an event is still some way off. In the meantime it is Singapore's International Monetary Exchange (Simex) which presents the more immediate threat. Simex has traded

Eurodollar futures for some time. On October 8 it launched a US T bond futures contract of its own which has achieved respectable volume levels.

Spokesmen for the SFE are hardly tongue tied when it comes to enumerating the advantages of Sydney. They point to factors such as language, position, good supervision and an established broking community.

They add that the SFE-Liffe link joins two independent but broadly comparable exchanges, a far cry from the position at Simex, which is still seen as an Asian outpost of the Chicago Mercantile Exchange, with which it trades a number of fungible contracts.

Yet some people in Sydney are more candid. They are confident the SFE has the edge with the US T bond's thanks to its time zone advantage and its cultural affinities with likely users in Europe and the US. But the Eurodollar is another matter. Singapore is already Asia's biggest physical Eurodollar market whereas interest in Australia is very limited.

## Bankers welcome old-fashioned style for NZI issue

BY ALEXANDER NICOLL

MORGAN GUARANTY resuscitated an almost forgotten practice in the Eurobond market yesterday when it launched a \$125m floating-rate note issue for a New Zealand company and gave potential co-managers until next Tuesday to commit themselves to the deal.

The issue is for a UK financing subsidiary of NZI Corporation, the largest insurance company in New Zealand but a little-known name among Eurobond investors.

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Morgan said the long syndication period was designed to provide time to distribute the issue among as broad a group of co-managers and underwriters as possible, in order to raise the borrower's profile in the market.

Potential participants would have time to find out about the borrower and take decisions accordingly. Four co-lead managers have committed themselves to the deal, and Morgan is aiming to attract 25 to 30 co-managers and as many as 40 underwriters.

The eight-year issue is to be priced at par with a coupon set six percentage points above six-month London interbank offered rates. No price will be made until the management group is formed.

Long syndication periods were the norm in the early years of the Eurobond market but long ago succumbed to intense competition in the marketplace as well as to more volatile interest rates.

Bankers viewed NZI's move as a sensible given the current uncertain state of the ERM market, though it would naturally be more difficult to prolong syndication in the fixed-rate market because of the risk of interest rate fluctuations.

The market for New Zealand paper has also been made more uncertain by the rapid and unusual withdrawal on Wednesday of a \$100m issue for a country launched the previous day. Morgan stressed, however, that this was not a factor in NZI's decision to lengthen the syndication period.

Eisewhere in the dollar market, Bertelsmann, the West German media group which is acquiring Doubleday of the US, made a \$200m issue led by Commerzbank. The bonds have a seven-year maturity and were priced at par with an 8 per cent coupon, and traded initially at discounts to issue price smaller than the total commissions.

Yaohan Department Store made a \$60m five-year issue with equity warrants led by New Japan Securities with an indicated coupon of 33 per cent and carrying the guarantee of the Long Term Credit Bank of Japan.

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In Switzerland, Union Bank of Switzerland opted to participate in the SFR 250m tranche of a two-part deal launched on Wednesday by Austrian Bank Corporation for Austrian's Bell Resources. The issue will therefore be publicly listed under a gentlemen's agreement between the big three Swiss banks which acquires two of them to take part for an issue to be public.

Both the Swiss and the \$200m tranche were welcomed in the marketplace.

Credit Suisse brought a SFR 50m private placement for

from Sch 1.5bn. Though fully underwritten by Austrian banks and to be listed in Vienna, the seven-year issue is targeted at the Euromarkets and will have an international placement group. It was priced at par with a coupon set 11 points above the newly-established Vienna interbank offered rate.

Another schilling-denominated issue is also being targeted abroad: a package of bonds and bearer participation certificates currently being marketed in Switzerland by Swiss Bank Corporation, Creditanstalt-Bankverein, Austria's largest bank.

This offering is technically a secondary placement of securities already launched on the Austrian domestic market. It is a 150,000 bearer participation certificate, currently trading at Sch 2,000 to be priced next week, and Sch 300m of 6 1/2 per cent eight-year bonds priced at 110 and carrying warrants to buy a further 150,000 certificates.

Overseas units of Japan's banks to deal in CPs THE JAPANESE Ministry of Finance has given permission to overseas securities outlets of Japanese commercial banks and the long-term credit banks to deal in overseas commercial paper.

It would be useful for Japanese banks to stay away from CP, the most competitive money market instrument, in view of the explosive growth of the Eurodollar and sterling CP markets.

However, the ministry has not removed the ban on dealings in these markets by the Japanese banks' overseas branches, since it fears this could invite an argument for the introduction of a domestic CP market, which is a development which has been vehemently opposed by the banks, which argue that recourse by borrowers to commercial paper threatens the very foundations of the Japanese financial system.

Nonetheless, the banks intend to seek the Ministry's approval for their overseas branches to deal in the market. Japanese banks have taken a cautious stance towards dealing in overseas CP, although increasing numbers of Japanese companies are making issues in foreign commercial paper markets in preference to bank borrowing.

Since the beginning of this year, 16 financial subsidiaries have been established in the Netherlands by Japanese industrial corporations in order to issue Euro commercial paper. The MoF's approval for Japanese banks' overseas subsidiaries to deal in overseas CPs results from the fact that several Japanese commercial banks have already obtained Bank of England licences for dealing in sterling commercial paper.

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## £200m CD programme launched by Saitama Bank

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

SAITAMA BANK of Japan has followed up the recent \$300m increase in its dollar certificate of deposit programme in the Euromarkets with the launch of a £200m operation in sterling.

Led by S. G. Warburg, the new sterling programme will be used to fund the loan book of the bank's London branch. Bankers say that Saitama is spreading itself of an opportunity to tap short-term money which is readily available from investors disappointed by the lack of sizeable placement opportunities

in the new sterling commercial paper market. The CD formula was adopted because banks are not allowed to tap the sterling commercial paper market proper, though the paper is similar to sterling commercial paper as far as investors are concerned.

Other dealers in Saitama's programme will be Samuel Merchant Bank and Samuel Montagu. First sales will take place early next month and the programme is expected to be heavily drawn.

## FT INTERNATIONAL BOND SERVICE

Listed are the 300 latest international bonds for which there is an adequate secondary market. Closing prices on October 23

Table listing international bonds with columns for Issued, Maturity, Offer, Yield, and Price. Includes bonds from various countries like Australia, Canada, and the UK.

Table listing convertible bonds with columns for Issued, Maturity, Offer, Yield, and Price. Includes bonds from Australia, Canada, and the UK.

Table listing straight bonds with columns for Issued, Maturity, Offer, Yield, and Price. Includes bonds from Australia, Canada, and the UK.

Information regarding bond services, including details on straight bonds, floating rate notes, and convertible bonds. Includes a note about the FT International Bond Service.

Advertisement for Marubeni International Finance p.l.c. featuring a large 'm' logo and text: 'U.S.\$30,000,000', '7 3/4 per cent. Guaranteed Notes 1991', 'The Notes will be unconditionally and irrevocably guaranteed by The Fuji Bank, Limited', and listing various international banks like Yamaichi International, Citicorp, and Morgan Stanley.

U.S. QUARTERLIES table showing financial data for various companies in three quarters (1988 and 1989) with columns for Revenue, Net Profit, and Net Per Share.

Bang?

After October 27th, as the echoes fade, the U.K. financial community will find itself adjusting to its new circumstances.

Some firms will find the new competitive environment unfamiliar. Some will need to spend time putting their houses in order. Others will have to ease themselves into new relationships, adapt to new situations, and live under new labels.

Meanwhile, corporate financial officers and professional investors will be asking the question: "Which of the many new financial services groups will be the best equipped to serve our needs from now on?"

Merrill Lynch, more than any other, is already

experienced in operating in truly competitive dual capacity markets, internationally, under a variety of regulatory frameworks. We are one firm for which globalisation and 24-hour trading is a genuine, working reality.

In London, we are a leading market-maker in gilts, U.K. and International equities, and Euro securities of all sorts. We are a key force in the sterling and Euro commercial paper markets and as such a major supplier of short term finance to companies, banks and governments world wide.

Our capacity to underwrite capital issues and placings is based on our own integrated securities distribution network, the world's largest.

Our financial strength and international experience are committed to our domestic and cross-border merger and acquisition service.

Internationally our research is acknowledged as the best there is.

How can corporate and institutional market users benefit from all the changes?

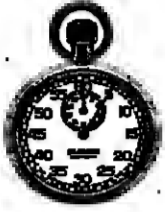
Our capital, experience, commitment and advice are available after October 27th, as they were before, to clients who want the comfort of dealing with an investment banking group already accustomed to the new market environment.

At Merrill Lynch we won't hear much of the bang; because for us it'll be business as usual.





# Fifteen noma kethatadozen waystosavetimeintheoffice.



## 1. Matters that don't matter.

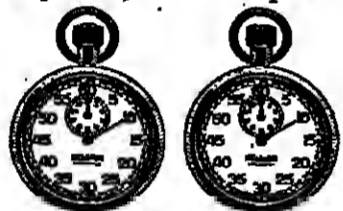
Do not waste time on trifles, for time is money. The Texan billionaire Haroldson Hunt realised this and gave up smoking cigars in his office for the simple reason that, "I wasted \$300,000 a year just in the time I spent unwrapping and lighting them".

Emulate Einstein's approach to trivial tasks. He used to wash and shave with the same soap, claiming that to use two kinds would "complicate life needlessly".

(You could take this a stage further by following Frederick the Great, who went years without washing at all — but only if you have an office to yourself.)

Be quick to spot when your time is being wasted. A young composer came to play the great Rossini two pieces he had written, in order to see which he preferred.

Half-way through the first piece, Rossini interrupted him. "You need not play any more," he said. "I prefer the other one."



## 2. Double time.

If you can do two things at once, so much the better.

Theodore Roosevelt conducted conferences while being shaved by the White House barber — and Catherine de Medici gave audiences on state business as she dressed.

It is unlikely, however, that you will match the dexterity of the playwright J.M. Barrie.

When he lost the use of his right hand, he practised writing with his left to keep up his work. Later, his right hand recovered — by which time he was so skilled with his left that from then on he used both at once, writing dialogue with his right hand and stage directions with his left.

There must be many people who would give their right arm for such a skill today.



## 3. The shortcomings of short cuts.

Occasionally you may find that you have to cut a few corners to get a job done on time.

The golden rule in such circumstances is simple: don't get caught.

One man who failed to get away with it was the composer and pianist Percy Grainger.

After he had given a rendering of Grieg's 'Ballade' to an audience on Long Island, New York, he was accused of having shortened it. He had to admit it was true.

"I dropped six pages out of the middle so I could catch the 4.58," he said.



## 4. Pest control.

Taking your telephone off the hook and consigning your paging device to the depths of Britain's underground waterways will free you from many unwanted interruptions — but you will still have to deal with the inevitable plague of personal callers.

The best way of doing this was demonstrated by our ambidextrous playwright, J. M. Barrie.

A reporter once turned up uninvited on his doorstep and greeted him with, "Sir James Barrie, I presume?"

"You do," retorted Barrie, and shut the door in his face.

If such abruptness should strike you as being unacceptably rude, however, follow the example of John Ruskin, who forestalled unwelcome visitors by sending out the following circular:

"Mr. J. Ruskin is about to begin a work of great importance and therefore begs that in reference to calls and correspondence you will consider him dead for the next two months."



## 5. How to lick your hump.

At the end of every working day the British field marshal

Harold Alexander would tip all the letters remaining in his In tray into his Out tray. Eventually his assistant asked him why.

"It saves time," explained Alexander. "You'd be surprised how little of it comes back".

Yet this method of dealing with correspondence appears ultra-cautious when compared with that of Rita Hayworth.

A friend once found her working her way through a pile of letters, tearing up most of them unopened. "Stop!" he cried. "There may be cheques in there!"

"There are," replied Rita, unperturbed. "But there are bills too. I find they even up."



## 6. Keep your lips as short as possible.

Procrastination, like all other long words, is the thief of time — and therefore to be avoided.

Similarly, there is no need for tautology, as it is quite unnecessary, while jargon is of non-positive utility vis-à-vis the temporal optimality of information-communication.

Aim instead for the brevity of this note sent by a schoolboy to his father:

"S.O.S. L.S.D. R.S.V.P."

(He was asking for money, incidentally.)

Or, if you are replying to a letter, bear in mind the Spartans of ancient Greece. They received a message from their enemies, the Athenians, which read:

"Unless you meet our conditions, we shall wage war on you and, if we defeat you, shall ravage your country, raze your cities to the ground, slaughter your menfolk and enslave your women and children."

The Spartans, being formidable warriors themselves, simply replied: "If...."



## 7. Brief briefings and short reports.

Reading and writing business reports can be a time-consuming affair — unless you are like Ike.

During his first term of office, Eisenhower appointed Arthur Burns as his first chairman of the Council of Economic Advisors.

At their first meeting, Burns suggested that he should send the president a memo outlining a plan for organising the flow of economic advice to the White House.

"Keep it short," said Ike. "I can't read."

"We'll get along fine," smiled Burns. "I can't write."

In the end, the two cut out the paperwork altogether by settling on a one-hour weekly conference of the council and president.



## 8. High-speed gas.

Meetings are without doubt the biggest waste of time in business life — for when all is said and done, there is always far more said than done.

Where possible, adopt the practice of Henry Ford, who used to visit his executives when a problem arose, rather than call them to his own office.

"I go to them to save time," he explained. "I've found that I can leave the other fellow's office a lot quicker than I can get him to leave mine."

Another way to speed up your meetings is to set strict time limits beforehand — whatever the importance of the person you are to talk to.

When the German Kaiser met Theodore Roosevelt after the funeral of King Edward VII, he asked him to call on him the next day "at two o'clock sharp — for I can give you only 45 minutes".

"I will be there at two," replied Roosevelt, "but unfortunately, I have just 20 minutes to give you."



## 9. Don't wait around.

Irving Thalberg, the U.S. film producer, was usually so busy that his working hours were double- or triple-booked — with the result that people often had to wait for hours in his ante-room before they could see him.

When the Marx brothers came to talk to him about 'A Night

at the Opera', however, they refused to waste time just sitting around.

Groucho, Chico and Harpo each lit two fat cigars and began puffing smoke through the crack around his door.

Eventually Thalberg rushed out. "Is there a fire?" he shouted. "No, there's the Marx brothers," the three replied, and marched into his office.



## 10. Never put off till tomorrow what you can put on to someone else.

Delegating tasks to others is often the key to getting things done quickly.

(Consider Robinson Crusoe, who always got his work done by Friday.)

The quality of the finished work need not be impaired; after all, the great Flemish artist Rubens often employed less gifted men to help him out.

By the time he was thirty, he had more orders for paintings than he could cope with on his own — so he allowed others to prepare his canvasses and paint in the foundation details, while he merely applied the finishing touches.



## 11. Expert advice — at a price.

Do not hesitate to seek outside help when confronted with a problem which is clearly beyond you.

General Electric of America once suffered a breakdown in a complex system of machines and spent ages trying (without success) to locate the fault themselves.

Eventually, they called in Charles Steinmetz, an electrical engineer who had retired from GE some time previously.

Steinmetz spent a little while walking around, testing various parts of the machinery. Finally, he took a piece of chalk out of his pocket and marked an X on a particular spot.

The machine was stripped down — and the GE men were astonished to find that the defect lay precisely where Steinmetz had made his mark.

There is a further point to this story, though: you must be prepared to pay the price for such expertise.

When General Electric received a bill from Steinmetz for \$10,000 a few days later, they protested about the amount and asked him to itemise it. Steinmetz duly sent back an itemised bill:

"Making one chalk mark ... \$ 1  
Knowing where to put it ... \$ 9,999"



## 12. The time machine.

Always use the fastest office equipment available to you — such as the LQ2500, the new 24-pin dot-matrix printer from Epson.

It shoots along at an amazing 270 characters per second in draft — and at 90 c.p.s. in correspondence-quality mode, it will certainly help you make short work of all your business letters. (See again section 6.)

The print quality of the LQ2500 is equally sharp, for it has five letter-quality fonts built in. Furthermore, changing between them does not involve the lengthy business of making software commands; to choose a new typestyle, you simply press one or two buttons on the LCD 'Selectype' panel on the front.

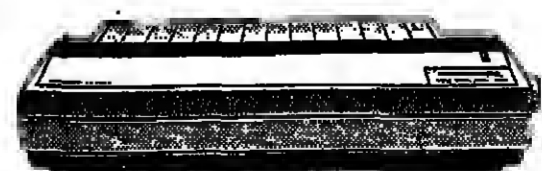
The LQ2500 comes with a powerful 8K buffer as standard to allow your computer to get on with other tasks while it is printing. (See again section 2.)

IBM-compatibility also comes as standard — and of course, the LQ2500 is every bit as reliable as you would expect an Epson to be.

Yet it costs only £995 (RRP exc. VAT) — with the option of 7-colour printing for a mere £60 extra (RRP exc. VAT).

For further information, either: write to Epson (U.K.) Limited, Freepost, Birmingham B37 5BR; call up Prestel \*280#; or dial 100 and ask for Freeform Epson.

And see again section 9.



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For executives who want to know what their machines are up to, US software houses have the answer

## Management's line to value for money

SUDDENLY, senior managers want to know what their computers are doing. They want to know how efficient they are, whether they are meeting their design specifications and whether they are giving value for money.

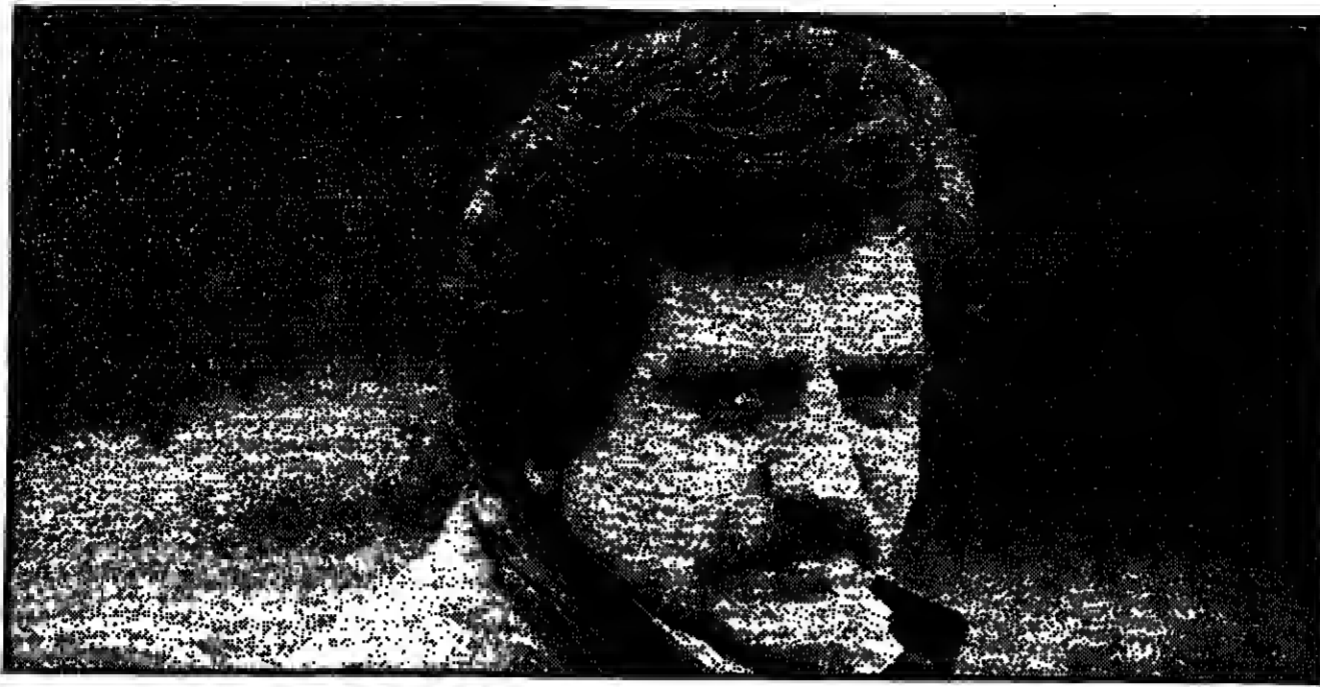
Data centre managers, however, are all too often unable to provide the answers. They may simply have no way of knowing how well their systems are performing; if they do, the answers may well be hidden in volumes of computer print-out which are difficult to boil down into useful numbers for senior management.

Among the leading US computer software vendors, two companies, the SAS Institute and Candle Corporation, have become a byword in the

world's bigger data centres for their ability to measure the performance of a big computer system and report its shortcomings in simple terms.

Their approaches seem quite distinct from their closest competitors like IBM and Boole and Balbagg. Candle software is based around efficient data sampling techniques that enable it to build a concentrated picture of how the system is performing.

SAS software, meanwhile, is based around a concept of information management which looks at all data in the system in a common way—whether it is details of a payroll, a personnel file or measurements of central processor activity.



ABOVE: Philip Bond, UK managing director of SAS  
BELOW: Aubrey Chernick, president of Candle Corporation. He has placed emphasis on his products' ease of use

## SAS: Where inspiration comes from a campus atmosphere

SAS INSTITUTE is unorthodox, even for an industry which has more than its share of unusual companies.

It likes to think of itself as a college rather than a business, hence the "Institute" in its title. Its headquarters in Cary, North Carolina, resembles a campus—with gymnasium, racket court, lake, creche and cafeteria—rather than a software factory.

Its UK subsidiary moved a year ago into Wittington, a substantial estate near Marlow in Buckinghamshire. Preserved and renovated, the house has the atmosphere of the senior common room in a science-based university. Even so, every so often, oak panelling gives way to the mass of telecommunications cables needed to support the satellite link to Cary.

Research and development is the touchstone of SAS's corporate ethos. It spends, according to its founder, Mr James Goodnight, 65 per cent of its budget on research and development and only 10 per cent on sales, a ratio which should spell disaster, but on which it appears to thrive.

It is 12th in the list of top US software vendors published yearly by the journal *Software News* and its turnover this year is likely to top \$100m. In the

UK, turnover will be more than \$4m and profits will be "enough", according to Mr Philip Bond, UK managing director.

It keeps its business feet on the ground through a series of novel mechanisms. For example it canvasses ideas for new products, and improvements in existing ones, from its customers through an annual questionnaire.

It has a tiny direct sales force and sells chiefly over the telephone. And it licenses rather than sells its products outright so it has a very solid idea of how much cash is coming in from year to year: "Very few people cancel," says Mr Bond.

Its customers in the UK include American Express, the Bank of England, the Stock Exchange, and British Telecom. Indeed, BT has just agreed to license SAS performance measurement software for all 24 IBM sites in its troubled Customer Service Centre programme. The programme should result in a network of large computer centres each covering a specific area of the country, but it has had a difficult gestation. Mr Bond says his software is not intended to diagnose the cause of the problems but it will tell BT when the systems

are up to scratch. SAS has an unusually broad product range. It is involved in statistical analysis, graphics, report generation, information centre data management, performance measurement and data analysis and simulation.

The core of its products is a powerful data management system which has some aspects of a relational database. Once a customer's data has been captured in this system it can be manipulated in a variety of enterprising ways.

The basic SAS statistic package was converted to a performance measurement tool by Mr Barry Merrill, a US computer consultant.

He devised a way for the software to sieve the performance information produced by IBM's big machine operating systems (it emerges as inches-thick chunks of print out, indecipherable to anybody but a systems specialist) and reduce it to something with meaning for a non-technical executive.

The popularity of supermini-computers as hosts for information networks has encouraged SAS to develop versions of its software for Digital Equipment, Prime and Data General machines. It has also introduced a personal computer version.

## Division over best route to an IT strategy

CONSULTANTS specialising in information technology (IT) disagree markedly among themselves on what constitutes an IT strategy plan and how it should be conducted.

This is one of the principal conclusions of a new report on IT consultancies to be published next week by the magazine *Business Computing & Communications*.

It points out that in many cases the consultant's "client" is the management information services (MIS) department for a particular company rather than the company as a corporate unit.

Inevitably, therefore, the plan fits the business strategy of the MIS unit rather than the company as a whole.

The conclusion confirms other evidence that MIS departments and main board directors are often at cross purposes over a company's direction in IT.

The report was based on questionnaires submitted to the major IT consultancies, of which 35 replied. It identified a major division in the way consultancies interpret IT studies based on whether they were technology based or business based: "At one end of the spectrum there are consultancies which will deliver a strategy recommendation based exclusively on IT opportunities arising from business needs."

"At the other, there are consultancies which will deliver what is essentially a long-term plan for the information systems department based usually on a data architecture study."

"The majority of firms were somewhere in between, although their bias tended towards technologically led strategies."

Among the other conclusions were: "Clients find that strategy studies are often only marginally effective in identifying opportunities for competitive advantage."

Some consultancies will only attempt an IT strategy study with the managing director's active support. Others were willing to go ahead under the sponsorship of the data processing or MIS department alone.

hoping the study alone will serve as a stimulus to the formulation of business objectives.

The report identifies sharp differences in the way consultants view assignments: "On the one hand there are those such as A. T. Kearney, BTI, Index, Nolan, Norton and Company and Strassmann who see the primary aim of a strategy assignment as finding the major points of leverage where information technology can be used to improve business performance."

"On the other hand companies like CMC, LBMS, Logica, Scicon and SRI see the assignment as a study which leads essentially to a long-term strategy for the information systems function."

*Business Computing and Communications* says it undertook the study because of growing evidence of the failure of companies to realise business benefits from their investment in IT and the poor success rating by companies of their attempts at information systems planning.

"Research on both sides of the Atlantic demolishes the simplistic notion that merely investing in information technology guarantees business improvement."

"On the contrary, the evidence suggests there is no simple correlation between IT investment and improved performance."

It reflects, the authors suggest, a failure on the part of senior management to grasp what can be done with information technology: "Ironically, one reason is that industry and commerce have become heavily dependent on computer systems for their day-to-day operations."

"It is almost as if computerised accounting, payroll, inventory control and administration have replaced technology in a supporting as opposed to a central, business-building role."

Among their conclusions, the authors insist that it is imperative the client decides precisely what is wanted from the assignment: "A golden rule is to invite a shortlist of consultancies to tender for the work against specific terms of reference."

The IT Consultancy Report: SASO from *Business Computing and Communications*, London (01) 855 7777.

## Candle: IBM monitor for the evangelist

CANDLE CORPORATION is wholly dedicated to performance management in IBM mainframes. Unlike SAS, whose performance measurement software is a spin-off from its data handling capabilities, Candle builds nothing but software to monitor the internal workings of large IBM computers.

Its founder and president, Mr Aubrey Chernick, wrote the company's basic product, Omegamon, in 1977. He claims his users are evangelistic about the company's products and he is something of an evangelist himself.

Performance software is hard to describe but it can be best thought of as a window on the operating system, the complex series of programs which manage the operations of the computer.

IBM has two principal mainframe operating systems, MVS and VM. Candle software can also be used to monitor the performance of the IBM information management software CICS and IMS.

Essentially every five or ten seconds, the Candle software looks around the entire computer system and records the activity in each component. This information, fed out to a monitor screen, gives system specialists a powerful insight

into how well the machine is performing. Mr Chernick emphasises the importance of the system's ease of use. One of his products, in fact, uses SAS graphics software to help in the presentation of the performance message.

Over the years a measure of intelligence has been built into the system representing the experiences gained at many thousands of IBM sites. The company now has over 10,000 mainframe installations; in the UK, principal customers include British Aerospace, National Westminster Bank, the Prudential Assurance Company and British Telecom.

There is a need for software like Candle because companies frequently do not know whether their computers are operating efficiently or why there has been a deterioration in performance. "We expose problems you do not know you have," Mr Chernick claims.

Candle says, for example, that companies, operating teams of computers frequently do not know if one of the set has failed. Omegamon behaves like an application programme, running under the operating system, but was designed with a measure of independence so that it could continue sending messages of







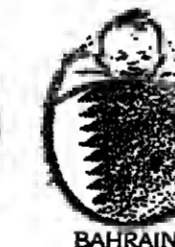

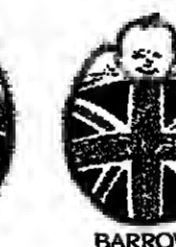
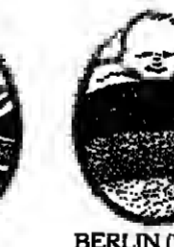







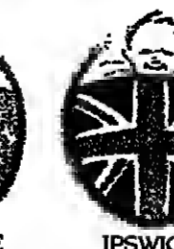
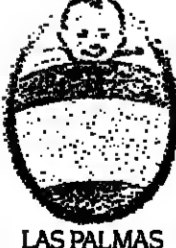



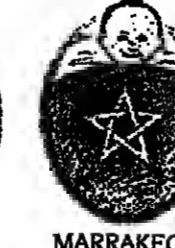


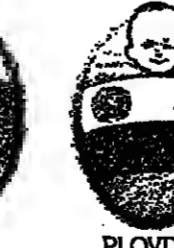






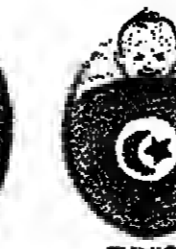
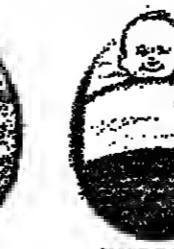
woe to the outside world while the rest of the computer died around it.

This week, Candle introduced a new innovation, a software switch making it possible, for example, to monitor a number of IBM mainframes from a single site.

Called QL/Session 1000, it does away with the necessity, when switching from one application to another, of logging off from one application and logging on again to the next.

Typical costs for Candle performance measurement software are £30,000-£60,000 for MVS and VM based products.

# In 9 months, Manchester has delivered 32 new arrivals (and departures).

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 BEZIERS Orion	 CHICAGO American Airlines	 DALAMAN British Airtours	 DEAUVILLE Dan Air	 DELHI British Airways	 GIBRALTAR Air Europe	 GRENOBLE Dan Air	 IPSWICH Sucking Airways
 LAS PALMAS Britannia Airways	 LESBOS Dan Air	 LYON Britannia Airways	 MALAGA Britannia Airways	 MARRAKECH Royal Air Maroc	 MUNSTER British Airways	 OPORTO Dan Air	 PLOVDIV Balkan
 ROTTERDAM Connectair	 SINGAPORE Singapore Airlines	 STRASBOURG Dan Air	 TENERIFE Britannia Airways	 TORONTO Air Canada	 TOULOUSE Dan Air	 TUNIS Dan Air	 WARSAW LOT Polish Airlines

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LONDON RECENT ISSUES

Table of recent issues in the equities market, listing stock names, prices, and changes.

Table of fixed interest stocks, including government and corporate bonds.

Table of rights offers, detailing new share issues and their terms.

Disclaimer text regarding the accuracy of the data and the responsibility of the publisher.

JOTTER PAD: A section for users to write their own messages or notes.

F.T. CROSSWORD PUZZLE NO. 6,159

Crossword puzzle grid with clues for words and phrases.

- List of crossword clues, including 'No longer a union member?' and 'Put down "fickle" but that may be switched round'.

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts, their managers, and performance data.

FT UNIT TRUST INFORMATION SERVICE

Large table providing detailed information for various unit trusts, including names, managers, and investment strategies.

Small table on the far right edge of the page, possibly containing additional financial data or a continuation of the unit trust list.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table containing financial data for various unit trusts and insurance companies, including names, codes, and numerical values.

INSURANCES

Table listing insurance companies and their associated financial data.

Handwritten text at the bottom center of the page.

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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and financial products, including company names, fund names, and numerical values.

Table listing insurance and overseas funds, including company names, fund names, and numerical values.

Table listing money funds, including company names, fund names, and numerical values.

Table listing money market bank accounts, including bank names, account types, and numerical values.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas financial products, including company names, fund names, and numerical values.

Table listing insurance and overseas funds, including company names, fund names, and numerical values.

Table listing money funds, including company names, fund names, and numerical values.

Table listing money market bank accounts, including bank names, account types, and numerical values.

TRADITIONAL OPTIONS 3-month call rates

Table listing traditional options and 3-month call rates, including company names and numerical values.



CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

US data boost dollar

STRONG US economic data boosted the dollar yesterday. Durable goods...

1986 to 21bn. Sterling had been firm in early trading, in spite of slightly lower oil prices...

against 202.7 six months ago. The yen continued to weaken against the dollar in Tokyo yesterday...

FINANCIAL FUTURES

Bonds firm but gilts fall

IMPROVING sentiment about forthcoming US Treasury auctions, and enthusiasm about a two-year note sale on Wednesday helped dollar-denominated contracts recover from some surprisingly strong US economic figures yesterday...

The improvement in sentiment began to reassert itself in later trading and the contract met with strong buying, taking it up to a peak of 96.06...

recovery to a peak of 94.05. It closed at 94.02 compared with 93.94 on Wednesday. Starting contracts showed very disappointed reaction to the UK trade figures...

STERLING

Table showing Sterling exchange rates for various currencies like US Dollar, Swiss Franc, etc.

EMIS EUROPEAN CURRENCY UNIT RATES

Table showing EMU rates for various European currencies like Deutsche Mark, French Franc, etc.

POUND SPOT-FORWARD AGAINST THE POUND

Table showing Pound spot and forward rates against the pound for various currencies.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table showing Dollar spot and forward rates against the dollar for various currencies.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies and maturities.

CURRENCY RATES

Table showing various currency rates including Sterling, US Dollar, Swiss Franc, etc.

CURRENCY MOVEMENTS

Table showing currency movements and changes for various currencies.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates for various currencies.

LONDON MONEY RATES

Table showing London money rates for various currencies.

MONEY MARKETS

Rates rise as UK trade disappoints

INTEREST RATES firmed on publication of the September UK trade figures. The trade deficit of £277m...

In the afternoon the Bank of England purchased £200m bills outright, through £20m bills in band 1...

Late assistance of £10m was also provided. Bills maturing in official hands...

UK clearing bank's leading rate 11 per cent since October 15 against a generally strong dollar and gilts reversed their early gains.

Before lunch the authorities bought £200m bills outright, by way of £20m bills in band 3 at 10 1/2 per cent...

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\$ WORLD VALUE OF THE DOLLAR BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 22, 1986.

Table showing exchange rates for various currencies as of October 22, 1986.

Bank of America, Economics Dept., London. Eurodollar Libor as of October 22 at 11.00 a.m.

Table showing country, currency, and value of dollar for various international currencies.

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BRITISH FUNDS

Table of British Funds with columns for Name, Price, and % Change. Includes sections for 'Shorts (Lives up to Five Years)', 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS - Cont.

Table of American Stocks with columns for Name, Price, and % Change. Includes sections for 'Shorts (Lives up to Five Years)', 'Five to Fifteen Years', and 'Over Fifteen Years'.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, and Roads stocks with columns for Name, Price, and % Change.

DRAPERY & STORES - Cont.

Table of Drapery and Stores stocks with columns for Name, Price, and % Change.

ELECTRICALS

Table of Electrical stocks with columns for Name, Price, and % Change.

ENGINEERING - Continued

Table of Engineering stocks with columns for Name, Price, and % Change.

INDUSTRIALS - Continued

Table of Industrial stocks with columns for Name, Price, and % Change.

Unlisted

Table of unlisted stocks with columns for Name, Price, and % Change.

Index-Linked

Table of index-linked stocks with columns for Name, Price, and % Change.

CANADIANS

Table of Canadian stocks with columns for Name, Price, and % Change.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks with columns for Name, Price, and % Change.

DRAPERY AND STORES

Table of Drapery and Stores stocks with columns for Name, Price, and % Change.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. stocks with columns for Name, Price, and % Change.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks with columns for Name, Price, and % Change.

INDUSTRIALS (Misc.)

Table of Miscellaneous Industrial stocks with columns for Name, Price, and % Change.

GOVT. BOND AND OSEAS

Table of Government Bonds and Overseas stocks with columns for Name, Price, and % Change.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, and % Change.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans with columns for Name, Price, and % Change.

LOANS

Table of Loans with columns for Name, Price, and % Change.

Public Board and Ind.

Table of Public Board and Industrial stocks with columns for Name, Price, and % Change.

BEERS, WINES & SPIRITS

Table of Beers, Wines, and Spirits stocks with columns for Name, Price, and % Change.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for Name, Price, and % Change.

AMERICANS

Table of American stocks with columns for Name, Price, and % Change.

BANKS, HP & LEASING

Table of Banks, HP, and Leasing stocks with columns for Name, Price, and % Change.

BUILDING, TIMBER, ROADS

Table of Building, Timber, and Roads stocks with columns for Name, Price, and % Change.

DRAPERY AND STORES

Table of Drapery and Stores stocks with columns for Name, Price, and % Change.

ENGINEERING

Table of Engineering stocks with columns for Name, Price, and % Change.

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INDUSTRIALS - Continued

Table of industrial stock prices including companies like British Airways, British Petroleum, and British Telecom.

LEISURE - Continued

Table of leisure stock prices including companies like British Airways, British Petroleum, and British Telecom.

PROPERTY - Continued

Table of property stock prices including companies like British Airways, British Petroleum, and British Telecom.

INVESTMENT TRUSTS - Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom.

FINANCE, LAND - Cont.

Table of finance and land stock prices including companies like British Airways, British Petroleum, and British Telecom.

MINES - Continued

Table of mines stock prices including companies like British Airways, British Petroleum, and British Telecom.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade prices including companies like British Airways, British Petroleum, and British Telecom.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher prices including companies like British Airways, British Petroleum, and British Telecom.

SHIPPING

Table of shipping prices including companies like British Airways, British Petroleum, and British Telecom.

SHOES AND LEATHER

Table of shoes and leather prices including companies like British Airways, British Petroleum, and British Telecom.

OVERSEAS TRADERS

Table of overseas traders prices including companies like British Airways, British Petroleum, and British Telecom.

PLANTATIONS

Table of plantation prices including companies like British Airways, British Petroleum, and British Telecom.

INSURANCES

Table of insurance prices including companies like British Airways, British Petroleum, and British Telecom.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising prices including companies like British Airways, British Petroleum, and British Telecom.

SOUTH AFRICAN

Table of South African stock prices including companies like British Airways, British Petroleum, and British Telecom.

TEXTILES

Table of textile prices including companies like British Airways, British Petroleum, and British Telecom.

TORRACOS

Table of tobacco prices including companies like British Airways, British Petroleum, and British Telecom.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land prices including companies like British Airways, British Petroleum, and British Telecom.

LEISURE

Table of leisure stock prices including companies like British Airways, British Petroleum, and British Telecom.

PROPERTY

Table of property stock prices including companies like British Airways, British Petroleum, and British Telecom.

INVESTMENT TRUSTS

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom.

FINANCE, LAND, etc.

Table of finance, land, and other stock prices including companies like British Airways, British Petroleum, and British Telecom.

MINES

Table of mines stock prices including companies like British Airways, British Petroleum, and British Telecom.

REGIONAL & IRISH STOCKS

Table of regional and Irish stock prices including companies like British Airways, British Petroleum, and British Telecom.

Notes and regional/irish stocks section at the bottom right of the page.





WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, Germany, Norway, Australia, Japan, Canada, and others. Columns include stock names, prices, and changes.

Table of stock market data for Canada, listing various stocks and their performance metrics.

Table of stock market indices for New York, London, and other major markets, showing index values and changes.

Table titled 'OVER-THE-COUNTER' showing Nasdaq national market closing prices for various stocks.

Table titled 'NYSE-Consolidated 1500 Actives' showing trading volume and price changes for active NYSE stocks.

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Table titled 'LONDON Chief price changes' showing price movements for various London-based stocks.

Table titled 'FALLS' showing price changes for various stocks, including Fosco Minsep and Harris & Crossfield.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock names, prices, and changes. Includes sub-sections like 'NEW YORK STOCK EXCHANGE' and 'AMERICAN STOCK EXCHANGE'.

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Main NYSE composite closing prices table with columns for stock symbols, prices, and volume. Includes sub-sections for 'Continued from Page 42' and 'Over-the-Counter'.

AMEX composite closing prices table with columns for stock symbols, prices, and volume.

OVER-THE-COUNTER Nasdaq national market, closing prices

Over-the-counter Nasdaq national market closing prices table with columns for stock symbols, prices, and volume.

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